

LifeStar



PROSPECTUS

6th May 2021

PROSPECTUS

Dated: 6th May 2021



LifeStar Insurance p.l.c.

a public limited liability company registered under the laws of Malta with company registration number C 29086 and with its registered office situated at LifeStar Insurance p.l.c., Testaferrata Street, Ta' Xbiex XBX1403, Malta

This Prospectus is issued in respect of:

An issue of €10,000,000 4% Unsecured Subordinated Bonds Due 2026 – 2031 with nominal value of €100 per Bond (subject to an Over-allotment Option of €3,000,000 in the event of over-subscription)

ISIN: MT0002531201

THIS PROSPECTUS HAS BEEN APPROVED BY THE LISTING AUTHORITY, WHICH IS THE COMPETENT AUTHORITY IN MALTA FOR THE PURPOSES OF THE PROSPECTUS REGULATION. THE LISTING AUTHORITY HAS ONLY APPROVED THIS PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION, AND SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE COMPANY AND/OR OF THE QUALITY OF THE BONDS. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE BONDS.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE BONDS.

PROSPECTIVE INVESTORS SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE INVESTING IN ANY FINANCIAL INSTRUMENTS. THE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS AND MAY NOT BE SUITABLE FOR ALL TYPES OF INVESTORS. PROSPECTIVE INVESTORS SHOULD ENSURE THAT THEY ARE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE BONDS AND THAT AN INVESTMENT IN THE BONDS IS SUITABLE FOR THEIR RISK PROFILE. PROSPECTIVE INVESTORS SHOULD THEREFORE MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH THEIR OWN INDEPENDENT FINANCIAL ADVISORS.

Sponsor

**CURMI &
PARTNERS**

Legal Counsel

ZammitPace 

Registrar

BOV

Bank of Valletta

Approved by the Directors of the Company:

Prof. Paolo Catalfamo

As Director of the Company and on behalf of each of Cristina Casingena, Joseph C Schembri, and Mark Bamber.

Important Information

THIS PROSPECTUS CONTAINS INFORMATION ON THE COMPANY AND THE BOND ISSUE IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE COMPANIES ACT AND THE PROSPECTUS REGULATION.

THIS PROSPECTUS HAS BEEN FILED WITH THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, WITH THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE COMPANIES ACT. THIS PROSPECTUS IS PUBLISHED IN ELECTRONIC FORM ON THE WEBSITE OF THE LISTING AUTHORITY AND IS ALSO AVAILABLE, IN PRINTED FORM AND FREE OF CHARGE, FROM THE REGISTERED OFFICE OF THE COMPANY AND THE AUTHORISED INTERMEDIARIES.

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE BONDS TO LISTING ON THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE, WHICH MEANS THAT THE BONDS ARE IN COMPLIANCE WITH THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS OF INVESTING IN THE BONDS, AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN THE BONDS.

INVESTING IN THE BONDS INVOLVES CERTAIN RISKS AND SPECIAL CONSIDERATIONS. A NUMBER OF RISK FACTORS RELATING TO THE COMPANY AND THE BONDS ARE SET OUT IN SECTION 1 BELOW, AND PROSPECTIVE INVESTORS ARE ENCOURAGED TO READ THEM CAREFULLY. PROSPECTIVE INVESTORS ARE ENCOURAGED TO SEEK ADVICE FROM A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT.

MIFID II PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES – SOLELY FOR THE PURPOSES OF THE MANUFACTURER'S (I.E. THE COMPANY'S) PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE BONDS HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE BONDS IS ELIGIBLE COUNTERPARTIES, PROFESSIONAL CLIENTS AND RETAIL CLIENTS THAT (A) HAVE A SUFFICIENT KNOWLEDGE AND EXPERIENCE WITH RESPECT TO SIMILAR INVESTMENTS; (B) HAVE SUFFICIENT FINANCIAL RESOURCES AND LIQUIDITY TO BEAR ALL THE RISKS OF AN INVESTMENT IN THE BONDS, INCLUDING THE RISK OF LOSING SOME OR ALL OF THEIR INVESTMENT IN THE BONDS; (C) HAVE A HIGH TOLERANCE TO RISK, INCLUDING THE RISK OF DEFERRAL OF REDEMPTION OF THE BONDS FOR AN INDEFINITE PERIOD OF TIME AND THE RISK THAT AN INVESTOR IN THE BONDS MAY LOSE SOME OR ALL OF ITS INVESTMENT SHOULD THE COMPANY BECOME INSOLVENT; AND (D) ARE SEEKING TO DIVERSIFY AN EXISTING PORTFOLIO OF INVESTMENTS AND WHOSE INVESTMENT OBJECTIVE IS REGULAR INCOME WITH A HOLDING PERIOD OF NOT LESS THAN 5 YEARS AND UP TO AN INDEFINITE PERIOD OF TIME IN THE EVENT THAT THE REDEMPTION OF THE BONDS IS DELAYED BEYOND MATURITY DATE. THE BONDS ARE NOT SUITABLE FOR AN INVESTOR OUTSIDE THE TARGET MARKET AS DESCRIBED ABOVE; (II) ALL CHANNELS FOR DISTRIBUTION TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL

CLIENTS ARE APPROPRIATE; AND (III) DISTRIBUTION OF THE BONDS TO RETAIL CLIENTS AND, OR ELECTIVE PROFESSIONAL CLIENTS SHALL BE MADE ON AN ADVISORY BASIS OR DISCRETIONARY PORTFOLIO MANAGEMENT BASIS ONLY. SUBJECT TO THE DISTRIBUTOR'S SUITABILITY OBLIGATIONS UNDER MIFID II, AS APPLICABLE. THE TARGET MARKET ASSESSMENT INDICATES THAT THE BONDS ARE INCOMPATIBLE WITH THE NEEDS, CHARACTERISTIC AND OBJECTIVES OF CLIENTS WHO DO NOT HAVE A HIGH TOLERANCE TO RISK OR ARE SEEKING ON-DEMAND FULL REPAYMENT OF THE AMOUNTS INVESTED. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE BONDS (A 'DISTRIBUTOR') SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE BONDS (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS, SUBJECT TO THE DISTRIBUTOR'S SUITABILITY OBLIGATIONS UNDER MIFID II, AS APPLICABLE. THE TARGET MARKET ASSESSMENT IS WITHOUT PREJUDICE TO THE REQUIREMENTS OF ANY CONTRACTUAL, LEGAL OR REGULATORY SELLING RESTRICTIONS IN RELATION TO THE OFFERING. FOR THE AVOIDANCE OF DOUBT, THE TARGET MARKET ASSESSMENT DOES NOT CONSTITUTE: (A) AN ASSESSMENT OF SUITABILITY FOR THE PURPOSES OF MIFID II; OR (B) A RECOMMENDATION TO ANY INVESTOR OR GROUP OF INVESTORS TO INVEST IN, OR PURCHASE, TAKE ANY OTHER ACTION WHATSOEVER WITH RESPECT TO THE NOTES OR ANY OTHER SECURITIES.

THE COMPANY CONFIRMS THAT (I) THIS PROSPECTUS CONTAINS ALL MATERIAL INFORMATION WITH RESPECT TO THE COMPANY AND THE BONDS; (II) THE INFORMATION CONTAINED HEREIN IN RESPECT OF THE COMPANY AND THE BONDS IS ACCURATE IN ALL MATERIAL RESPECTS AND IS NOT MISLEADING; (III) ANY OPINIONS AND INTENTIONS EXPRESSED HEREIN ARE HONESTLY HELD AND BASED ON REASONABLE ASSUMPTIONS; (IV) THERE ARE NO OTHER FACTS IN THIS PROSPECTUS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT, WHETHER OF FACT OR OPINION, MISLEADING IN ANY MATERIAL RESPECT; AND (V) ALL REASONABLE ENQUIRIES HAVE BEEN MADE TO ASCERTAIN ALL FACTS AND TO VERIFY THE ACCURACY OF ALL STATEMENTS CONTAINED HEREIN.

NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION, ISSUE ANY ADVERTISEMENT OR MAKE ANY REPRESENTATION WHICH IS NOT CONTAINED OR CONSISTENT WITH THIS PROSPECTUS OR ANY OTHER DOCUMENT PRODUCED IN RELATION TO THE COMPANY AND/OR THE BONDS AND, IF GIVEN OR MADE, SUCH INFORMATION, ADVERTISEMENT OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE COMPANY.

UNLESS OTHERWISE STATED, THE CONTENTS OF THE COMPANY'S WEBSITE (OR ANY OTHER WEBSITE REFERRED TO HEREIN), OR ANY OTHER WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE COMPANY'S WEBSITE, DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITE AS A BASIS FOR A DECISION TO ACQUIRE THE BONDS.

ALL THE ADVISORS TO THE COMPANY HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE COMPANY IN RELATION TO THIS PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF AND ANY INFORMATION CONTAINED IN THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH. ACCORDINGLY, NONE OF THE ADVISORS OR ANY PERSON MENTIONED IN THIS PROSPECTUS, OTHER THAN THE COMPANY AND ITS DIRECTORS, SHALL BE RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS, IN ANY SUPPLEMENT, AND IN ANY DOCUMENTS INCORPORATED BY REFERENCE, AND ACCORDINGLY, TO THE EXTENT PERMITTED BY THE LAWS OF ANY RELEVANT JURISDICTION, NONE OF THESE PERSONS ACCEPTS ANY RESPONSIBILITY AS TO THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN ANY OF THESE DOCUMENTS.

EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT SUCH PERSON HAS NOT RELIED ON ANY OF THE ADVISORS IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION AND EACH PERSON MUST RELY ON (A) ITS OWN EVALUATION OF THE COMPANY AND THE BONDS AND THE MERITS AND RISKS INVOLVED IN INVESTING IN THE BONDS AND (B) THEIR OWN PROFESSIONAL ADVISORS, AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE COMPANY AND WHETHER TO ACQUIRE THE BONDS.

PROSPECTIVE INVESTORS SHOULD NOT TREAT THE CONTENTS OF THE PROSPECTUS AS ADVICE RELATING TO LEGAL, TAXATION, INVESTMENT OR ANY OTHER MATTERS AND SHOULD INFORM THEMSELVES, IN CONSULTATION WITH THEIR INDEPENDENT PROFESSIONAL ADVISORS ON: (A) THE LEGAL, TAX, FINANCIAL AND OTHER REQUIREMENTS FOR THE PURCHASE, HOLDING, TRANSFER OR OTHER DISPOSAL OF BONDS IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE; (B) ANY FOREIGN EXCHANGE RESTRICTIONS APPLICABLE TO THE PURCHASE, HOLDING, TRANSFER OR OTHER DISPOSAL OF BONDS WHICH THEY MIGHT ENCOUNTER; AND (C) THE INCOME AND OTHER TAX CONSEQUENCES WHICH MAY APPLY IN THEIR OWN COUNTRIES AS A RESULT OF THE PURCHASE, HOLDING, TRANSFER OR OTHER DISPOSAL OF BONDS.

THE PROSPECTUS AND/OR ANY OTHER DOCUMENT PRODUCED IN RELATION TO THE COMPANY, AND/OR THE BONDS AND/OR THE DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION THAT: (I) THE INFORMATION CONTAINED IN SUCH DOCUMENTS IS ACCURATE AND COMPLETE SUBSEQUENT TO THEIR RESPECTIVE DATES OF ISSUE; (II) THERE HAS BEEN NO ADVERSE CHANGE IN THE FINANCIAL CONDITION OF THE COMPANY SINCE SUCH DATES; OR (III) ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE MATTERS CONTAINED IN THIS PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

THIS PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR THE PURPOSES OF AN OFFER, INVITATION OR SOLICITATION TO ANY PERSON (I) IN ANY JURISDICTION IN

WHICH SUCH OFFER, INVITATION OR SOLICITATION IS NOT AUTHORISED, (II) IN ANY JURISDICTION IN WHICH ANY PERSON MAKING SUCH OFFER, INVITATION OR SOLICITATION IS NOT QUALIFIED TO DO SO OR (III) TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, INVITATION OR SOLICITATION. THE DISTRIBUTION OF THIS PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933 OF THE UNITED STATES OF AMERICA (AS AMENDED) AND SUBJECT TO CERTAIN EXCEPTIONS, THE BONDS MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON.

THE BONDS, ALL THE RIGHTS AND OBLIGATIONS OF THE BONDHOLDERS AND THE COMPANY, AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THE BONDS, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH MALTESE LAW. THE COURTS OF MALTA SHALL HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTES THAT MAY ARISE OUT OF OR IN CONNECTION WITH THE BONDS, ALL THE RIGHTS AND OBLIGATIONS OF THE BONDHOLDERS AND/OR THE COMPANY, AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THE BONDS.

STATEMENTS MADE IN THIS DOCUMENT ARE (EXCEPT WHERE OTHERWISE STATED) BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THERETO.

THIS PROSPECTUS IS TO BE READ IN ITS ENTIRETY AND CONSTRUED IN CONJUNCTION WITH ANY SUPPLEMENT HERETO AND ANY DOCUMENTS THAT ARE INCORPORATED HEREIN BY REFERENCE.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.

THIS PROSPECTUS IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES WILL NO LONGER APPLY WHEN THE PROSPECTUS IS NO LONGER VALID.

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Definitions:

The following words and expressions shall bear the following meanings, except where the context otherwise requires:

Applicant	an applicant for the Bonds, being an Authorised Intermediary applying for its own account and/or underlying clients of an Authorised Intermediary that are applying through the Authorised Intermediary and any other person/s whose name/s (in the case of joint applicants) appear in the registration details of an Application in respect of any balance of the Bonds not subscribed to by Authorised Intermediaries;
Application	an application/s to subscribe to Bonds made by an Applicant/s;
Authorised Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex C of this Prospectus;
Board	the board of directors of the Company;
Bond/s or LSI Bond/s	the €10,000,000 unsecured subordinated bonds having a nominal value of €100 per bond redeemable at their nominal value on the Maturity Date bearing interest at a rate of 4% per annum; or in the case of over-subscription by investors and the exercise of the Company of the Over-allotment Option, such higher value of bonds as in aggregate would not exceed €13,000,000 in value of bonds issued pursuant to this Prospectus;
Bond Issue	the issue of the Bonds pursuant to this Prospectus;
Bond Issue Price	the price of €100 per Bond;
Bondholder/s	any holder/s of the Bonds from time to time, as evidenced by an electronic entry in the CSD Register;
Bond Offer Opening Date	10 th May 2021;
Bond Offer Closing Date	19 th May 2021;
BOV or Registrar	Bank of Valletta p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 2833 and having its registered office situated at 58, Zachary Street, Valletta, VLT 1130, Malta;

BOV Guarantee Agreement	the guarantee agreement entered into on 2 June 2020 between the Company and BOV, pursuant to which the Company guaranteed the BOV MDB Covid-19 Assist Loan, as described in Section 5.1;
BOV MDB Covid-19 Assist Loan	a loan agreement entered into between LifeStar Holding (as borrower), BOV (as lender) and the Company (as guarantor), dated 2 June 2020 (as amended on 31 December 2020), pursuant to which LifeStar Holding obtained a €3 million loan from BOV under the Malta Development Bank COVID-19 Guarantee Scheme approved by the European Commission on 2 April 2020 under the “Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak” published on 19 March 2020;
BUPA	BUPA Global Designated Activity Company Insurance Limited, a company incorporated in Ireland, with registration number 623889;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Companies Act	the Companies Act, Chapter 386 of the laws of Malta;
Company or LSI	LifeStar Insurance p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 29086 and having its registered office situated at Testaferrata Street, Ta' Xbiex XBX1403, Malta (formerly 'GlobalCapital Life Insurance Limited');
Conduct of Business Rulebook	the Conduct of Business Rulebook issued by the MFSA in terms of Article 16 of the MFSA Act;
Corporate Governance Code	the Code of Principles of Good Corporate Governance set out as Appendix 5.1 to Chapter 5 of the Listing Rules;
CSD	the central registration system for dematerialised financial instruments in Malta operated by the MSE (of Garrison Chapel, Castille Place, Valletta VLT 1063, Malta) and authorised in terms of the Financial Markets Act;
CSD Register	the register of Bonds held and maintained by the CSD on behalf of the Company;

Cut-Off Date	7 th May 2021;
Data Protection Act	the Data Protection Act (Chapter 586 of the Laws of Malta);
Directors	the directors of the Company;
Duty on Documents and Transfers Act	the Duty on Documents and Transfers Act, Chapter 364 of the laws of Malta;
Early Redemption Date	any Interest Payment Date falling in the years 2026 to 2031, subject to MFSA approval and subject to the Company giving the Bondholders at least 60 days' notice in writing;
Elective Professional Client	<p>an Authorised Intermediary may treat a client as an Elective Professional Client if it complies with (a), (b) and (c) below:</p> <ol style="list-style-type: none"> a. the Authorised Intermediary undertakes an adequate assessment of the expertise, experience and knowledge of the client, and gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making his own investment decisions and of understanding the risks involved; and b. in the course of the assessment referred to in (a) above, as a minimum, two of the following criteria shall be satisfied: <ol style="list-style-type: none"> i. the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter of the previous four quarters; ii. the size of the client's instrument portfolio, defined as including cash deposits and instruments, exceeds €500,000; iii. the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged;

	<p>c. the following procedure/ is followed:</p> <ul style="list-style-type: none"> i. they shall state in writing to the Authorised Intermediary that they wish to be treated as a Professional Client, either generally or in respect of a particular service or transaction or type of transaction or product; ii. the Authorised Intermediary shall give such clients a clear written warning of the protections and investor compensation rights they may lose; iii. clients shall state in writing in a separate document from the contract, that they are aware of the consequences of losing such protections;
Eligible Counterparty	a client recognised as an ‘eligible counterparty’ in terms of Article 30 of MiFID II, which includes investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies and other financial institutions authorised or regulation under EU law or under the national law of an EU member state, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organisations;
Eligible Own Funds	own funds, including “basic own funds” and “ancillary own funds” approved by the Relevant Regulator, which fall within the meaning of Solvency II and are eligible to form part of the capital items required to meet the Solvency Capital Requirement;
Eligible Shareholders	holders of LSH Shares entered in the LSH Share Register on the Cut-Off Date;
Euro or €	the lawful currency of the Eurozone, being the region comprised of Member States of the European Union that have and continue to adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and by the Treaty of Amsterdam;
Financial Instruments	the instruments listed in the Second Schedule of the Investment Services Act (Chapter 370 of the Laws of Malta), as amended from time to time;

Financial Markets Act	the Financial Markets Act, Chapter 345 of the laws of Malta;
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC;
GlobalCapital Financial Management	GlobalCapital Financial Management Limited, a private limited liability company registered under the laws of Malta with company registration number C 30053 and having its registered office situated at LifeStar, Testaferrata Street, Ta' Xbiex XBX1403, Malta;
Group	the group of companies of which the Company forms part, known as the 'LifeStar' group (formerly the 'GlobalCapital' group);
Group Employees	those persons employed by the Group as at 31 March 2021;
IDD	Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast);
Income Tax Act	the Income Tax Act, Chapter 123 of the laws of Malta;
Insolvent Insurer Winding-up	the winding-up or liquidation of the Company where the assets of the Company may or will be insufficient to meet all the claims of policyholders and beneficiaries pursuant to a contract of insurance of the Company which is in winding up or liquidation;
Insurance Business Act	the Insurance Business Act, Chapter 403 of the laws of Malta;
Insurance Distribution Act	the Insurance Distribution Act, Chapter 487 of the laws of Malta;
Interest Payment Date	means the 2nd June of each year between and including each of the years 2022 and the year 2031 (or in the event of early redemption at the option of the Company, between and including each of the years 2022 and the relevant Early Redemption Date), provided that if any such day is not a Business Day such Interest Payment

	Date will be carried over to the next following day that is a Business Day;
Intermediaries' Offer	the offer of Bonds to the Authorised Intermediaries, either for their own account or for the account of underlying customers, consisting of a maximum aggregate amount equal to any balance of the Bonds, if any, not subscribed to by Preferred Applicants, pursuant to the terms of the plan of distribution contained in Section 14.5 of this Prospectus;
Investar	Investar p.l.c., a public limited liability company registered in Malta with registration number C 65310 and having its registered office situated at LifeStar, Testaferrata Street, Ta' Xbiex XBX 1403, Malta;
Investment Services Act	the Investment Services Act, Chapter 370 of the laws of Malta;
Issue Date	expected on 2 nd June 2021;
LifeStar Health	LifeStar Health Limited, a private limited liability company registered in Malta with registration number C 6393 and having its registered office situated at LifeStar, Testaferrata Street, Ta' Xbiex XBX 1403, Malta (formerly 'GlobalCapital Health Insurance Agency Limited');
LifeStar Holding (LSH)	LifeStar Holding p.l.c., a public limited liability company registered in Malta with registration number C 19526 and having its registered office situated at LifeStar, Testaferrata Street, Ta' Xbiex XBX, Malta (formerly 'GlobalCapital p.l.c.');
LifeStar Policyholder(s)	the person(s) who as at 31 March 2021 is the legal holder of the policy for securing the contract with the Company and, or LifeStar Health (as agent of BUPA), whether such person shall be an individual or any other legal or natural person, which is responsible for the payment of premiums under the policy of insurance;
Listing Authority	the Board of Governors of the MFSA, appointed as Listing Authority under the MFSA Act and established in terms of the Financial Markets Act;
Listing Rules	the listing rules issued by the Listing Authority in respect of the Official List, as amended from time to time;

LSH Bonds	the €10,000,000 5.00% unsecured bonds maturing 2nd June 2021 (ISIN: MT0000171216) issued by LifeStar Holding pursuant to a prospectus dated 12th May 2016;
LSH Bondholders	the holders of LSH Bonds entered in the LSH Bond Register;
LSH Bond Exchange	the transfer by an LSH Bondholder of its LSH Bonds to LSI, in consideration for the issue and allotment by LSI of LSI Bonds to LSH Bondholders, pursuant to the terms of this Prospectus;
LSH Bond Register	the register of holders of LSH Bonds maintained by the CSD;
LSH Shares	the ordinary shares in LifeStar Holding, which are listed and traded on the Official List of the MSE;
LSH Shareholders	the holders of LSH Shares entered in the LSH Share Register;
LSH Share Register	the register of holders of LSH Shares maintained by the CSD;
Maturity Date	2nd June 2031, or in the event of an early redemption, any Early Redemption Date;
MSE	Malta Stock Exchange p.l.c., as originally constituted by the Financial Markets Act, bearing company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
MSE Bye-Laws	the bye-laws of, and issued by, the MSE;
Memorandum and/or Articles of Association	the memorandum and/or articles of association of the Company in force at the time of publication of this Prospectus;
MFSA	Malta Financial Services Authority as established under the MFSA Act;
MFSA Act	the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta);
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2004 on markets in financial

	instruments and amending Directives 2002/92/EC and 2011/61/EU (recast);
Minimum Capital Requirement (MCR)	the minimum capital requirement (as defined in the Solvency II Directive) or other minimum capital requirements of the Company referred to in Solvency II or the Relevant Rules;
Nominal Value	€100 per Bond;
Offer Period	The period between and including the Bond Offer Opening Date and the Bond Offer Closing Date, both days included, during which the Bonds are on offer;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Over-allotment Option	means the option of the Company, at its sole and absolute discretion, to elect to offer for subscription additional Bonds not exceeding €3,000,000 in value having a nominal value of €100 per Bond at the Bond Issue Price, to cover any outstanding Applications in the event of over-subscription;
Per Se Professional Client	<p>a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. The following should all be regarded as professionals in all investment services and activities and with respect of all the financial instruments mentioned in Schedule 2 to the Investment Services Act (Chapter 370 of the laws of Malta):</p> <ol style="list-style-type: none"> a. entities which are required to be authorised or regulated to operate in the financial markets. The list below should be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a Non-Member State: <ol style="list-style-type: none"> i. credit institutions; ii. investment firms; iii. other authorised or regulated financial institutions;

	<ul style="list-style-type: none"> iv. insurance companies; v. collective investment schemes and management companies of such schemes; vi. pension funds and management companies of such funds; vii. commodity and commodity derivatives dealers; viii. locals; ix. other institutional investors; <p>b. large undertakings meeting two of the following size requirements on a company basis:</p> <ul style="list-style-type: none"> i. balance sheet total: €20,000,000; ii. net turnover: €40,000,000; iii. own funds: €2,000,000; <p>c. national and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations;</p> <p>d. other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions;</p>
Preferred Applicants	LSH Bondholders, Eligible Shareholders, the Group Employees and LifeStar Policyholders, collectively;
Professional Client	a client which is either a Per Se Professional Client or an Elective Professional Client;
Prospectus	this Prospectus in its entirety together with any Supplements;
Prospectus Regulation	Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
Redemption Date	the Maturity Date or any Early Redemption Date, as applicable, on which the Bonds are to be redeemed in accordance with this Prospectus;

Registrar	Bank of Valletta p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 2833 and having its registered address at 58, Zachary Street, Valletta, VLT 1130, Malta. Bank of Valletta p.l.c. is regulated by the MFSA and is licensed to carry out the business of banking and investment services in terms of the Banking Act (Cap. 371 of the laws of Malta) and the Investment Services Act (Cap. 370 of the laws of Malta);
Relevant Regulator	the MFSA or, if the MFSA at any time ceases to be the regulator exercising supervisory authority over the Company in accordance with the Relevant Rules for the purposes of Solvency II, such other regulator having supervisory authority with respect to Solvency II in relation to the Company according to the Relevant Rules;
Relevant Rules	any legislation, rules or regulations (whether having the force of law or otherwise) to which the Company is subject (including without limitation, those implementing Solvency II and any relevant prudential rules for insurers applied by the Relevant Regulator and any amendment, supplement or replacement thereof) from time to time relating to the characteristics, features or criteria of own funds or capital resources;
Retail Client	a client other than a Professional Client or an Eligible Counterparty;
SCR ratio	measure of amount of total funds that insurers or life insurers hold relative to their SCR; calculated as Eligible Own Funds divided by the SCR, and is required to be at least 100%;
Shareholders	the persons registered as holders of the Shares in the CSD Register;
Shares	the ordinary shares of the Company having a nominal value of €0.1414779585 each and with ISIN MT0000170119;
Share Exchange	the offer of Shares made by LifeStar Holding to LSH Shareholders to exchange their LSH Shares for Shares, pursuant to the Share Prospectus;

Share Offer	the offer for sale of Shares by LifeStar Holding, pursuant to the Share Prospectus;
Share Prospectus	the prospectus dated 4 th May 2021, issued by the Company in respect of the Share Offer and the Exchange Offer;
Solvency II	the Solvency II Directive and any additional measures adopted to give effect to and, or supplementing the Solvency II Directive (for the avoidance of doubt, whether implemented by way of a regulation including, without limitation, the Level 2 Regulations), a directive or otherwise) including the Solvency II Delegated Regulation;
Solvency II Delegated Regulation	the Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014;
Solvency II Directive	Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking up and pursuit of the business of insurance and reinsurance (Solvency II) and which must be transposed by Member States of the EEA pursuant to Article 309 of Directive 2009/138/EC;
Solvency Capital Requirement (SCR)	the solvency capital requirement (as defined in the Solvency II Directive) or other solvency requirements of the Company referred to in Solvency II or the Relevant Rules;
Sponsor	Curmi & Partners Ltd, an MFSA authorised investment services firm (in terms of the Investment Services Act) registered under the laws of Malta with company registration number C 3909 and having its registered office at Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102, Malta;
Suitability Test	shall have the meaning assigned to it under Section 14.4 of this Prospectus;
Supplement	any supplement to this Prospectus that may be issued from time to time by the Company;
Terms and Conditions	the terms and conditions of issue of the Bonds as set out in Section 14 of this Prospectus;

U.S. Person	has the meaning given to such term in Regulation S under the Securities Act of 1933 of the United States of America, as amended;
United States	the United States of America, its territories or its possessions, or any area subject to its jurisdiction;
Value of In-force Business (VIF)	means the present value at valuation date of future profits expected to emerge from all active insurance contracts at valuation date, after allowance for the cost of financial guarantees and options, the cost of non-financial risks and the cost of holding the required capital.

Any reference in the Prospectus to “Malta” is to the “Republic of Malta”.

Unless it otherwise required by the context:

- (a) words in this Prospectus importing the singular shall include the plural and vice versa;
- (b) words in this Prospectus importing the masculine gender shall include the feminine gender and vice versa;
- (c) the word “may” in this Prospectus shall be construed as permissive and the word “shall” in this Prospectus shall be construed as imperative; and
- (d) the word “person” shall refer to both natural and legal persons.

Summary

THIS SUMMARY HAS BEEN APPROVED BY THE LISTING AUTHORITY AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE LISTING AUTHORITY ONLY APPROVES THIS SUMMARY AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY.

This Summary is issued in accordance with the provisions of the Prospectus Regulation. Capitalised terms used but not otherwise defined in this Summary shall have the meanings assigned to them in the 'Definitions' section of the Prospectus.

A. INTRODUCTION AND WARNINGS

Identity and Contact Details of the Company:

Legal & Commercial Name:	LifeStar Insurance p.l.c.
Company Registration Number:	C 29086
Registered Office Address:	LifeStar, Testaferrata Street, Ta' Xbiex XBX 1403, Malta
LEI:	213800RJG2OCEN9KIW48
Telephone Number:	+356 21 342 342
E-mail Address:	info@lifestarinsurance.com
Website:	https://lifestarinsurance.com/
Name of securities:	4% Unsecured Subordinated Bonds due 2026 – 2031
ISIN of Bonds:	MT0002531201

This Prospectus has been approved by the Listing Authority, which is the competent authority in Malta for the purposes of the Prospectus Regulation, on 6th May 2021. The Listing Authority has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company or of the quality of the Bonds. The address of the Listing Authority is Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara CBD 1010, Malta. Its telephone number is +356 2144 1155 and its website is www.mfsa.mt.

Prospective investors are hereby warned that:

- this summary should be read as an introduction to the Prospectus;
- the prospective investor is about to purchase a product that is complex and may be difficult to understand;
- any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the prospective investor;
- a prospective investor may lose all or part of the capital invested in subscribing for Bonds;
- where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under Maltese law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated;
- civil liability attaches only to those persons who have tabled the Summary including any translation thereof and who applied for its notification, but only if the Summary, when read together with the other parts of the Prospectus, is misleading, inaccurate or inconsistent; or does not provide key information in order to aid investors when deciding whether to invest in the Bonds.

B. KEY INFORMATION ON THE ISSUER

Who is the issuer of the Bonds?

The issuer of the Bonds is the Company, LifeStar Insurance p.l.c., a public limited liability company registered in Malta in terms of the Companies Act. The Company's Legal Entity Identifier (LEI) number is 213800RJG2OCEN9KIW48.

Principal Activities of the Company

The Company is licensed by the MFSA to carry out Class I (Life and Annuity) and Class III (Linked Long Term) business. The Company provides life insurance products offering a comprehensive range of protection, savings, investment and pension products. The Company provides both single premium and regular premium interest-sensitive saving products, unit-linked insurance-based investment products, pension products as well as protection products including level and decreasing term, critical illness and group life policies.

Major Shareholders

As at the date of the Prospectus, all of the Company's Shares, save for one Share which is owned by Investar, are held by LifeStar Holding. Prof. Paolo Catalfamo is the ultimate controller of LifeStar Holding, by virtue of his ownership of 99.99% of the issued share capital of Investar, which in turn is the major shareholder of LifeStar Holding, holding approximately 78.1% of LifeStar Holding's share capital.

Directors of the Company

As at the date of this Prospectus, the Board is composed of the following four (4) Directors:

Paolo Catalfamo	Non-Executive Director & Chairman
Cristina Casingena	Executive Director
Joseph C. Schembri	Independent Non-Executive
Mark Bamber	Independent Non-Executive

Statutory Auditors of the Company

Grant Thornton Limited of Fort Business Centre, Level 2, Triq L-Intornjatur, Zone 1 Central Business District Birkirkara, CBD 1050, Malta, have been appointed as the Company's statutory auditors until the end of the next annual general meeting of the Company. Grant Thornton is a registered audit firm with the Accountancy Board of Malta in terms of the Accountancy Profession Act (Chapter 281 of the laws of Malta) with registration number AB/26/84/22.

What is the key financial information regarding the issuer?

The below tables show the main financial information and relevant ratios of the issuer:

Income Statement:

	2020	2019	2018
	Eur 000	Eur 000	Eur 000
Net premiums	11,549	10,365	10,517
Net benefits and claims	10,301	8,346	7,139
Earnings before tax	554	2,120	(1,292)
Balance on the long-term business of insurance technical account	(1,338)	500	(1,313)
Total non-technical account	1,892	1,620	20
Total comprehensive income attributable to the shareholders of the Company	1,164	2,557	380

Balance Sheet:

	2020	2019	2018
	Eur 000	Eur 000	Eur 000
Investments including financial assets related to unit linked contracts	101,395	94,163	88,442
Total assets	161,955	151,166	135,021
Insurance contract liabilities	124,426	112,534	99,491
Total liabilities	131,725	122,099	106,268
Total equity	30,230	29,067	28,753
Solvency cover ratio	168%	174%	158%

What are the key risks that are specific to the issuer?

Insurance Business Risk - The Company is engaged in Class I (life and annuity) and Class III (linked long term) insurance activities, which are subject to insurance risk. If not adequately managed, this could have a material adverse effect on the operations, financial performance and financial position of the Company.

Insurance business risk may be influenced by macroeconomic changes, changes in customer behaviour, changes in public health, pandemics, and catastrophic events. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location. The principal risk that the Company faces related to the underwriting of its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities, for example because the frequency or severity of claims and benefits are greater than estimated. Being an insurance company specialising in Class I (life and annuity) and Class III (linked long term) insurance activities, the following are the Company's key underwriting risks: frequency and severity of claims, lapse and surrender rates, policy expenses, reinsurance, distribution channels.

Insurance Regulatory Risk - The Company is subject to a broad regulatory framework, relating, in particular, to its insurance business. As a result, the Company operates in a highly regulated environment. The Company is licensed by the MFSA under the Insurance Business Act and its subsidiary LifeStar Health under the Insurance Distribution Act. The Company is required to comply with the Solvency II regime that provides for risk-sensitive standards in relation to capital requirements. In the event that the Company has inadequate capital resources to meet the applicable regulatory capital requirements, the Company could be subjected to regulatory sanctions which may have a detrimental effect on the ongoing insurance business activity of the Company and LifeStar Health. Sanctions may include limitations on its ability to write additional business, increased supervision by regulators or implementation of resolution plans which may negatively impact operations, financial performance and the financial condition of the Company, and in the most extreme case could lead to the suspension or termination of the Company's and/or LifeStar Health's insurance business activity. In addition, the imposition of fines could have a material adverse effect on the Company and LifeStar Health.

Legal, Compliance and Litigation Risk - The Company is exposed to various forms of legal and compliance risk due to the extent and complexity of its operations and its regulatory obligations. Future changes to the existing regulatory framework for the Company may be significant, and include increased cost of capital due to stricter own funds requirements and additional administrative costs. In particular, the implementation of Solvency II and the IDD has caused a substantial increase in the regulation, including increased (quantitative and qualitative) capital and disclosure requirements, conduct requirements and restrictions on certain types of transactions. In recent years, the Company has experienced increasing levels of compliance risk as regulators pursued investigations into historical and existing activities, and the Company remains in regular communication with the MFSA in relation to possible breaches of regulations. The direct and indirect costs of regulatory breaches can be significant, the level of inherent legal and compliance risk faced by the Company will continue to remain high for the foreseeable future.

Strategic and Business Risk - Strategic risk is the risk associated with the future business plans and strategies of the Company. Improper strategic choices or errors in their implementation, as well as lack of responsiveness to changes in the economic environment, can have a significant impact on the operational performance and financial results. Business risk is the risk associated with the particular business and operating circumstances of the Company, including the market environment. The insurance markets are highly competitive, with several factors affecting the Company's relative position, including financial strength, range of product lines and brand strength. The Company faces competitors that are larger, have greater financial resources or a greater market share, offer a broader range of products or have higher bonus rates, claims-paying ratios, or products delivering superior returns. The Company also competes with subsidiaries and/or associated companies of national and multi-national banking, insurance, and other investment services firms which are authorised in Malta and/or which have established a branch and/or provide their services in Malta on a cross border basis under the European Union's freedoms of establishment and services on a cross border basis. Competition in the insurance industry is also affected by the high level of consolidation, both at national and an international level, in the markets in which the Company operates. The Company's business is limited to the business of insurance, which exposes the Company to a concentration in this sector and the risk that any downturn in or related to the insurance industry will have a more significant impact on the Company than would be the case if the Company's operations were more diversified. Additionally, the Company's business is substantially limited to the Maltese insurance market, and does not benefit from geographical diversification.

Operational Risk - Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people, systems, or from external events. This risk encompasses all exposures faced by the Company's functions in the course of conducting the Company's business, including but not limited to, underwriting, accounting and financial reporting, business continuity, claims management, information technology and data processing, legal and regulatory compliance, outsourcing and reinsurance. The company is exposed to the following types of operational risk: failure of business practices, internal systems and controls, IT risk, data protection risk, recruiting and retaining personnel, fraud client service, product quality and business practices.

Change of Control Risk - Any potential change in ownership or control of the Company may potentially have a negative impact on the Group's business operations and financial results, or its future prospects. New shareholders or a new majority shareholder may be in a position to change the business and financial strategy in a way that has a negative impact on the operations, the financial performance or the financial profile of the Company.

Risks Associated with the Company's Indebtedness - The Company may continue to fund its operations and future growth by incurring debt. Borrowings under any bank credit facilities may be at variable interest rates, which may expose the Company to the risk of increases in interest rates. The agreements regulating the borrowings may impose certain operating restrictions and financial covenants on the Company, which could limit the Company's activities including the ability to obtain future financing, implement capital expenditures, or withstand a future downturn in business. A portion of the cash flow generated from operations would be utilised to repay the Company's debt obligations, reducing the amount of cash flows which would otherwise be available for other purposes. A substantial deterioration in operating cash flows and profitability could make it difficult for the Company to service interest payments and principal repayments on its borrowings. Any failure to satisfy debt obligations could result in a default under the terms of current and future financing arrangements, thereby having a materially adverse effect on the Company's financial profile.

Pandemic Risk - The Company may be adversely affected by the wider macroeconomic effect of the ongoing COVID-19 pandemic as described in the risks related to insurance business above, and any possible future outbreaks. While the final effects of the COVID-19 pandemic are at this stage difficult to assess, it is possible that it will have substantial negative effect on the economies where the Company operates. These effects may also take place in case of any possible future outbreaks. Such effects may also result in the insolvency of the Company's counterparties, which could affect the operations of the Company, as well as its financial standing. Lastly, in case of an economic downturn, the price of the Company's Bonds and the possibility of the Company to acquire further financing may be adversely affected.

Property Valuation Risk - The valuations of the Company's property assets are prepared by AP Valletta Ltd. Valuation of property is inherently subjective due to the individual nature of each property and the assumptions upon which valuations are carried out. There can be no assurance that such valuations of the properties will reflect actual market values and the Company may be negatively affected by a decline in capital and rental values of the properties, resulting in potential impairments in value.

C. KEY INFORMATION ON THE BONDS

What are the main features of the Bonds?

Securities:	Unsecured subordinated callable bonds denominated in Euro
ISIN:	MT0002531201
Amount:	€10,000,000, or €13,000,000 in the event of exercise of the Over-allotment Option in full by the Company
Nominal Value:	€100 per Bond
Issue Price:	Nominal Value (€100 per Bonds)
Interest:	4% per annum
Issue Date:	2 nd June 2021
Interest Payment Dates:	2 nd June of each year (including 2 nd June 2022, being the first interest payment date) and the Maturity Date (or if any such date is not a Business Day, the next following day that is a Business Day)

Redemption:	On any Early Redemption Date and, or the Maturity Date. Provided that where the certain conditions set out in the Terms and Conditions of this Prospectus are not met, redemption may be delayed beyond the Maturity Date, for an indefinite period of time.
Maturity Date:	2 nd June 2031
Rights:	There are no special rights attached to the Bonds other than the right of the Bondholders to: (i) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions; (ii) receive payment of capital and interest in accordance with the ranking as provided in the Terms and Conditions; and (iii) enjoy such other rights attached to the Bonds emanating from the Prospectus.
Status:	The Bonds (their repayment and the payment of interest thereon) shall constitute the general, direct, subordinated, unsecured and unconditional obligations of the Company to the Bondholders, and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves. In the event of an Insolvent Insurer Winding-up, the claims of Bondholders in respect of the payment of capital and interest on the Bonds will be subordinated to the claims of all policyholders and beneficiaries and other unsubordinated and unsecured creditors of the Company, and if, on a dissolution and winding-up of the Company, the assets of the Company are insufficient to enable the Company to repay the claims of more senior-ranking creditors in full, the Bondholders will lose their entire investment in the Bonds. If there are sufficient assets to enable the Company to pay the claims of senior-ranking creditors in full, but insufficient assets to enable it to pay claims in respect of the Bonds and all other claims that rank <i>pari passu</i> with the Bonds, Bondholders may lose some (which may be substantially all) of their investment in the Bonds.
Limited Recourse:	There will be no events of default in respect of the Bonds. In the event of a Winding-Up of the Company the Bonds shall, when permitted by applicable law, become immediately due and payable at their Nominal Value together with interest accrued up to the date of repayment, if any, in accordance with the ranking established by law only if the payment of the relevant amount would not itself cause the insolvency of the Company or accelerate the process of the Company becoming insolvent.
Transferability:	The Bonds are freely transferable.

Where will the securities be traded?

Application has been made to the MSE for the Bonds to be listed and traded on the Official List.

What are the key risks that are specific to the Bonds?

Suitability of Investment - An investment in the Company and the Bonds may not be suitable for all investors and prospective investors are urged to consult their advisors as to the suitability or otherwise of investing in the Bonds before making an investment decision. In the event that the prospective investor does not seek independent financial advice and/or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile.

Subordinated Status - The Bonds shall constitute the general, direct, subordinated, unsecured and unconditional obligations of the Company. In the event of an Insolvent Insurer Winding-up, the claims of Bondholders in respect of the payment of capital and interest on the Bonds will be subordinated to the claims of all policyholders and beneficiaries and other unsubordinated and unsecured creditors of the Company, and if, on a dissolution and winding-up of the Company, the assets of the Company are insufficient to enable the Company to repay the claims of more senior-ranking creditors in full, the Bondholders will lose their entire investment in the Bonds. If there are sufficient assets to enable the Company to pay the claims of senior-ranking creditors in full, but insufficient assets to enable it to pay claims in respect of the Bonds and all other claims that rank *pari passu* with the Bonds, Bondholders may lose some (which may be substantially all) of their investment in the Bonds.

Limited Recourse Obligations - The Bonds are the obligations of the Company only and do not establish any liability or other obligation of any other person mentioned in this Prospectus. Moreover, there will be no events of default in respect of the Bonds. In the event of a Winding-Up of the Company, the Bonds shall, when permitted by applicable law, become immediately due and payable at their Nominal Value, together with interest accrued up to the date of repayment, if any, in accordance with the ranking established by law only if the payment of the

relevant amount would not itself cause the insolvency of the Company or accelerate the process of the Company becoming insolvent. The remedies under the Bonds are, therefore, more limited than those typically available to the Company's unsubordinated creditors.

Maturity and Deferral of Redemption - The Bonds are scheduled to be redeemed at par on the Maturity Date (or at the option of the Company, on any Early Redemption Date) provided that on such date certain conditions are met. Under the Terms and Conditions, Bondholders have no right to call the Bonds for early redemption. Where the relevant conditions are not met, redemption may be delayed beyond the Maturity Date for an indefinite period of time. If the Bonds are not redeemed on the scheduled Maturity Date, Bondholders will, subject to any mandatory deferral of interest, continue to receive interest but will not receive any additional compensation for the postponement of the redemption. The Bonds do not contain any event of default provisions that would allow Bondholders to accelerate the Bonds if redemption is delayed beyond the Maturity Date in circumstances where the relevant conditions are not met.

Interest Deferral - In case of a Regulatory Deficiency Interest Deferral Event, interest on the Bonds will not be due and payable on the scheduled Interest Payment Date and will be deferred. Any such deferral of payment will not constitute a default of the Company or any other breach of its obligations under the Bonds or for any other purpose and will not give Bondholders any right to accelerate repayment of the Bonds or take any other action under the Bonds. Interest deferred will constitute Arrears of Interest. Bondholders will not receive any additional interest or compensation for the mandatory deferral of payments. In particular, the resulting Arrears of Interest will not bear interest.

Bonds are Redeemable at the Option of the Company - Any or all of the Bonds may be redeemed at par by the Company on any Early Redemption Date on at least sixty (60) days' prior written notice to the relevant Bondholders. If Bonds are redeemed prior to the Maturity Date, a Bondholder would not receive the same return on its investment that it would have received if those Bonds were redeemed on the Maturity Date. In addition, the Bondholder may not be able to re-invest the proceeds from the early redemption at yields that would have been received on the Bonds had they not been redeemed early. This optional redemption feature may also have a negative impact on the market value of the Bonds. During a period when the Company may opt to redeem the Bonds, it is unlikely that the market value will rise above the price at which the Bond will be redeemed.

D. KEY INFORMATION ON THE OFFER OF BONDS TO THE PUBLIC AND ADMISSION TO TRADING ON A REGULATED MARKET

Under which conditions and timetable can I invest in the Bonds?

Expected Timetable of the Bond Issue

5 th May 2021	Suspension of trading in LSH Bonds
6 th May 2021	Prospectus Date
7 th May 2021	Cut-Off Date
10 th May 2021	Bond Application Forms sent to Preferred Applicants
10 th May 2021	Bond Application Forms made available
10 th May 2021	Bond Offer Opening Date
19 th May 2021	Bond Offer Closing Date
21 st May 2021	Intermediaries' Offer Date*
25 th May 2021	Announcement of basis of acceptance
31 st May 2021	Refund of unallocated monies (if applicable) and dispatch of allotment letters
31 st May 2021	Expected date of admission of the Bonds to listing
2 nd June 2021	Expected date of commencement of trading in the Bonds
2 nd June 2021	Commencement of Interest on the Bonds

**In the event that the total value of Applications received from Preferred Applicants exceeds €13,000,000, the Intermediaries' Offer will not take place.*

Plan of Distribution

The Bonds will be distributed by Authorised Intermediaries and are open for subscription by:

- a) Preferred Applicants; and

- b) Authorised Intermediaries and the general public through the Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Preferred Applicants.

General Terms and Conditions

Should subscriptions for a total of at least €5,000,000 (the "**Minimum Amount**") not be received, no allotment of the Bonds shall be made, the subscription of Bonds shall be deemed not to have been accepted by the Company and all money received from Applicants shall be returned by the Company acting through the Registrar, without interest, by direct credit transfer to the respective Applicant. In the event that the Bond Issue is not fully subscribed, the Company will proceed with the listing of the amount of Bonds subscribed for.

The minimum subscription amount of Bonds that can be subscribed for by Applicants is €5,000 and subscription amounts shall be in multiples of €100.

Application has been made to the MSE for the Bonds to be listed and traded on the Official List. Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List of the MSE.

The Authorised Intermediaries shall be required to conduct a Suitability Test in respect of the Applicant for Bonds and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant. Prospective investors should be aware of the potential risks in investing in the Bonds after careful evaluation of all the risk factors involved, and should consider making the decision to invest after consideration with his/her own independent financial advisor. Any Authorised Intermediary shall ensure that subscribers to the Bonds are duly warned about the risk factors involved with investing in the Bonds and subscribers shall confirm that they have been so warned.

Estimated Expenses of the Bond Issue

The Bond Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred in connection with this Bond Issue. Such expenses are estimated not to exceed €300,000, and shall be borne by the Company. The amount of the expenses will be deducted from the proceeds of the Bond Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €9,700,000 (or €12,700,000 in the event of exercise of the Over-allotment Option in full by the Company).

Why is this prospectus being produced?

The net proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €9,700,000 (or €12,700,000 in the event of the exercise of the Over-allotment Option in full by the Company), shall be used for the purpose of strengthening the capital base and the SCR of the Company to support its future growth and for general corporate purposes. Under its general corporate purposes, the Company will be providing a credit facility to LifeStar Holding of up to €13,000,000 under the Credit Facility Agreement dated 5th May 2021 entered into by the Company with LifeStar Holding. The credit facility provided by the Company to LifeStar Holding under the Credit Facility Agreement is to be used solely for the following purpose and in the order of the priority set out below:

- a) funding the redemption of the LSH Bonds (in the event of a shortfall in the net proceeds raised by LifeStar Holding from the Share Offer); and
- b) in the event that the LSH Bonds are redeemed in full, to repay the BOV MDB Covid-19 Assist Loan.

The Bond Issue is not underwritten.

Potential conflicts of interest

Apart from serving as a director and chairman of LifeStar Holding, LifeStar Health Limited and GlobalCapital Financial Management, Prof. Paolo Catalfamo is also a director and holds all (except for one) of the shares in Investar, which as at the date of this Prospectus (a) indirectly holds 78.1% of the Company's Shares (through its shareholding in LifeStar Holding) and (b) holds one (1) Share directly. Accordingly, Prof. Catalfamo may be subject to potential conflicts of interests between his interest in Investar, his position as a director of LifeStar Holding and his position as a Director of the Company. Furthermore, Mr Joseph Schembri sits on the board of directors of LifeStar Holding and is the chairman of the Company's Audit Committee. Accordingly, Mr. Schembri may also be subject to potential conflicts of interest between his position as a Director of LifeStar Holding and his position as a Director of the Company. Furthermore, GlobalCapital Financial Management and the Company are both subsidiaries of LifeStar Holding.

1. RISK FACTORS

1.1 General

AN INVESTMENT IN THE BONDS ISSUED BY THE COMPANY INVOLVES CERTAIN RISKS, INCLUDING BUT NOT LIMITED TO THOSE RISKS DESCRIBED IN THIS SECTION. THE FOLLOWING RISKS ARE THOSE IDENTIFIED BY THE COMPANY AS AT THE DATE OF THIS PROSPECTUS. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, TOGETHER WITH THEIR INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE COMPANY.

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER TWO [2] MAIN CATEGORIES, ACCORDING TO WHETHER THE RISKS UNDER REVIEW RELATE TO: (I) THE COMPANY AND ITS BUSINESS; AND (II) THE SECURITIES.

THE RISK FACTOR APPEARING FIRST UNDER EACH SUB-CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY AS AT THE DATE OF THIS PROSPECTUS. IN MAKING THEIR ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE COMPANY, IF THE RISK FACTOR WERE TO MATERIALISE.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES THAT MAY OR MAY NOT OCCUR AND THE COMPANY IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

SHOULD ANY OF THE RISKS DESCRIBED BELOW MATERIALISE, THEY COULD HAVE A SERIOUS ADVERSE EFFECT ON THE COMPANY'S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE COMPANY TO FULFIL ITS OBLIGATIONS UNDER THE BONDS.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW MAY NOT BE THE ONLY ONES THAT THE COMPANY FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE THE DIRECTORS OF THE COMPANY MAY NOT CURRENTLY BE AWARE OF, COULD WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE COMPANY. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CAREFULLY READ, CONSIDER AND UNDERSTAND THE PROSPECTUS AS A WHOLE BEFORE INVESTING IN THE COMPANY. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISKS MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

1.2 Forward Looking Statements

This document includes statements that are or may be deemed to be “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including but not limited to the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements are based purely on the intentions, beliefs or current expectations of the Company and/or the Directors. There can be no assurance that the results and events contemplated by the forward-looking statements contained in this Prospectus will occur.

Forward-looking statements, by their very nature, involve substantial uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, many of which are beyond the Company’s control. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Company’s actual results of operations and financial condition may, as a result of many different factors, differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the results of operations and financial condition of the Company are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Subject to its legal and regulatory obligations (including those under the Listing Rules), the Company and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

1.3 Suitability of Investment

An investment in the Company and the Bonds may not be suitable for all recipients of this Prospectus. An investment in the Bonds (by any Applicants including an Applicant which is an LSH Bondholder participating in the LSH Bond Exchange) is suitable for investors who have a high tolerance to risk and with a holding period of not less than 5 years and up to an indefinite period of time in the event that the redemption of the Bonds is delayed beyond Maturity Date. An investment in the Bonds is not suitable for investors who are risk averse or have no risk tolerance. Prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Chapter 370 of the Laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular such advice should be sought with a view to ascertaining that:

- a) each prospective investor has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

- b) each prospective investor has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including the risk of deferral of redemption of the Bonds for an indefinite period of time and the risk that an investor in the Bonds may lose some or all of its investment should the Company become insolvent, as well as the risks arising where the currency for principal or interest payments is different from the prospective investor's currency;
- c) each prospective investor understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets;
- d) each prospective investor is able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks; and
- e) the investment in the Bonds is in line with the investment objectives of the prospective investor.

Authorised Intermediaries shall distribute the Bonds to Retail Clients and/or Elective Professional Clients on an advisory basis or discretionary portfolio management basis only. The referred Authorised Intermediaries are therefore required to conduct a Suitability Test in respect of Applicants that qualify as Retail Clients and, or Elective Professional Clients. This requirement shall also be applicable with regard to secondary trading.

1.4 Risks Relating to the Company and its Business

1.4.1 Insurance Business Risk

The Company is engaged in Class I (life and annuity) and Class III (linked long term) insurance activities, which are subject to insurance risk. If not adequately managed, this could have a material adverse effect on the operations, financial performance and financial position of the Company.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount and timing of the resulting claim. This risk is random and therefore unpredictable.

Depending on the insurance product, this risk is influenced by macroeconomic changes, changes in customer behaviour, changes in public health, pandemics, and catastrophic events. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location. The principal risk that the Company faces related to the underwriting of its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities, for example because the frequency or severity of claims and benefits are greater than estimated. Being an insurance company specialising in Class I (life and annuity) and Class III (linked long term) insurance activities, the following are the Company's key underwriting risks:

Frequency and severity of claims – The Company’s business of long-term insurance is based on assumptions for trends in aspects including mortality, morbidity, life expectancy, lapse rates, and interest rates. For contracts where death is the insured risk, the most significant factor that could increase the overall frequency of claims are events that cause changes in life expectancy, morbidity and mortality, including epidemics or widespread changes in lifestyle resulting in earlier or more claims than expected. For contracts with fixed and guaranteed benefits and fixed future premiums there are no mitigating terms and conditions that reduce the insurance risk accepted.

Key assumptions are determined by actuarial principles and used in statistical or actuarial models in the estimation of claims, actuarial reserves and the VIF but actual events and trends may differ from what was assumed, resulting in unanticipated losses or the requirement to adjust such assumptions. Changes to assumptions may also be required due to regulatory developments, which in turn may result in the need to modify product pricing, also reducing profitability. Changes in these assumptions or incorrect assumptions may lead to an increase of the actuarial reserves for the life insurance business and to changes in the value of VIF.

Lapse and surrender rates – Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company’s experience and vary by product type, policy duration and sales trends. More specifically, an increase in lapse rates early in the life of the policy would tend to reduce profitability, but later increases are broadly neutral in effect.

Policy Expenses – Operating expenses assumptions reflect the projected costs of acquiring, maintaining and servicing in-force policies and associated overhead expenses. An increase in the level of expenses, or higher than anticipated costs, would reduce the Company’s profitability.

Reinsurance – The Company transfers a portion of the risk exposures in its insurance business to third party entities through reinsurance arrangements. These reinsurers assume such portions of the losses incurred by the Company in its insurance operations on the basis of the payment by the Company of reinsurance premiums to the reinsurers. The availability of, and costs associated with, reinsurance is dependent on the general market environment. The lack of available reinsurance protection or the availability of reinsurance protection at increased costs or unfavourable terms, and/or the untimely payment by reinsurers, could have a material adverse effect on the operations, financial performance and financial position of the Company. Additionally, if a reinsurer fails to pay a claim for any reason, the Company remains liable for payment to the policyholder.

Should the Company be unable to cede certain risks to reinsurance companies at an economical cost, thus retaining larger proportions of risks for its own account and increasing its exposure to uncertainty on the probability of occurrence, this could also have a negative impact on the operations, financial performance and financial position of the Company.

Distribution channels – The Company distributes its insurance products through third-party distributors that include tied insurance intermediaries and insurance brokers. The Company may accordingly be exposed to the risk of distributors seeking to terminate their business relationship, which could lead to a loss of business. Additionally, LSI is exposed to the risk that its distribution partners seek to change the terms of underlying distribution agreements in a manner that negatively impacts the Group. The Company may also be exposed to the risk of its third-party distributors mis-selling policies.

1.4.2 Insurance Regulatory Risk

The Company is subject to a broad regulatory framework, relating, in particular, to the insurance business. As a result, the Company operates in a highly regulated environment. The Company is licensed by the MFSA under the Insurance Business Act and its subsidiary LifeStar Health under the Insurance Distribution Act.

In particular, Solvency II, encompasses requirements on Eligible Own Funds, the calculation of technical provisions, valuation of assets and liabilities, governance structure and regulatory reporting and disclosure. The Company is required to comply with the Solvency II regime that provides for risk-sensitive standards in relation to capital requirements, aims to align capital requirements for insurance companies with those applicable to banks and investment firms in order to avoid regulatory arbitrage, as well as to align regulatory capital with economic capital and provides an enhanced degree of public disclosure. The Solvency II regime created a stricter and more comprehensive regulatory framework (compared to the supervisory and solvency rules existing pre-2016 (i.e., the ‘Solvency I’ regime) for insurance and re-insurance companies within the European Union.

In the event that the Company has inadequate capital resources to meet the applicable regulatory capital requirements, the Company could be subjected to regulatory sanctions which may have a detrimental effect on the ongoing insurance business activity of the Company and LifeStar Health. Restrictions may include limitations on its ability to write additional business, increased supervision by regulators or implementation of resolution plans which may negatively impact operations, financial performance and the financial condition of the Company, and in the most extreme case could lead to the suspension or termination of the Company’s and/or LifeStar Health’s insurance business activity. In addition, the imposition of fines could have a material adverse effect on the Company and LifeStar Health. Moreover, the violation of regulatory requirements would result in intensified supervision of the Company and LifeStar Health and, accordingly, to an increase in operational expenses. The imposition of any public regulatory sanctions or fines against the Company and/or LifeStar Health could also lead to a loss of confidence among customers and business partners and could also materially adversely affect the financial position and earnings of the Company or LifeStar Health.

In addition to aspects relating to solvency, the overall framework for the design, marketing and distribution of products are defined by regulation. The Company’s product design, the period of retention of products and its required reserves for future liabilities are influenced by

legislation and government policy. Any changes thereto, and/ or differing interpretation and regulatory application, may have a detrimental effect on the Group's strategy and profits.

Future legislation or regulations, or changes in the interpretation or operation of existing laws and regulations on business may impact the Company in an unpredictable manner. The range of products offered, the terms and conditions applicable on these products, distribution channels, capital requirements, dividends and, or interest payable, financial results and financing requirements may be adversely affected by any changes in Government policies, laws and/ or regulations.

1.4.3 Legal, Compliance and Litigation Risk

The Company is exposed to various forms of legal and compliance risk due to the extent and complexity of its operations and its regulatory obligations.

Governmental and other regulatory authorities continue to introduce proposals to strengthen the regulatory and supervisory framework for the insurance services industry, including stricter own funds requirements, liquidity standards, and the regulation of types of business considered as potentially high risk.

Future changes to the existing regulatory framework for the Company may be significant, and include increased cost of capital due to stricter own funds requirements and additional administrative costs. In particular, the implementation of Solvency II and the IDD has caused a substantial increase in the regulation, including increased (quantitative and qualitative) capital and disclosure requirements, conduct requirements and restrictions on certain types of transactions.

The Company is also at risk of regulatory sanctions or fines related to conduct of business and financial crime, with the incidence of regulatory proceedings against insurance service firms increasing.

In recent years, the Company has experienced increasing levels of compliance risk as regulators pursued investigations into historical and existing activities, and the Company remains in regular communication with the MFSA in relation to possible breaches of regulations. The direct and indirect costs of regulatory breaches can be significant, the level of inherent legal and compliance risk faced by the Company will continue to remain high for the foreseeable future.

Judicial and regulatory decisions that are unfavourable to other regulated companies operating in the same sector as the Company may also have implications for the Company, in particular where the same or similar business practices or contractual provisions have historically also been adopted by the Company.

As of the date of this Prospectus, the Company is not involved in any material disputes. However, there is a risk that the Company may become involved in disputes, the target of claims or subject to other litigation in the future, in respect of, for example, regulatory

compliance, contract matters, or customer-related issues. Any negative outcomes of such disputes will have a negative effect on the Company's business, financial results and, or financial position.

Disputes and claims can disrupt normal operations, entail substantial costs, and result in a loss of confidence in the Company, even if overruled.

1.4.4 Risks Associated with the Company's Indebtedness

The Company may continue to fund its operations and future growth by incurring debt. Borrowings under any bank credit facilities may be at variable interest rates, which may expose the Company to the risk of increases in interest rates. The agreements regulating the borrowings may impose certain operating restrictions and financial covenants on the Company, which could limit the Company's activities including the ability to obtain future financing, implement capital expenditures, or withstand a future downturn in business. A portion of the cash flow generated from operations would be utilised to repay the Company's debt obligations, reducing the amount of cash flows which would otherwise be available for other purposes.

The use of borrowings presents the risk that the Company may be unable to service interest payments and principal repayments or comply with other requirements of its facility agreements. A substantial deterioration in operating cash flows and profitability could make it difficult for the Company to service interest payments and principal repayments on its borrowings. The Company could be at risk of default on the occurrence of certain unexpected events. Any failure to satisfy debt obligations could result in a default under the terms of current and future financing arrangements, thereby having a materially adverse effect on the Company's financial profile. In such an event, the Company may be obliged to sell some of its assets to meet such obligations or seek alternative finance to repay such borrowings. Defaults may also lead to the enforcement of security over certain assets. Borrowings may not be able to be refinanced or the terms of any refinancing may be less favourable than the existing terms of borrowing.

1.4.5 Strategic and Business Risk

Strategic risk is the risk associated with the future business plans and strategies of the Company. Improper strategic choices or errors in their implementation, as well as lack of responsiveness to changes in the economic environment, can have a significant impact on the operational performance and financial results.

The Company's strategy may involve the expansion and/or downsizing of certain operating activities, the targeting of new markets (both in terms of type of activity and geographical location), the development of new products and services, and mergers and acquisitions. The strategy may also relate to aspects such as internal processes, corporate restructuring, and the target financial position of the Company.

Business risk is the risk associated with the particular business and operating circumstances of the Company, including the market environment. The insurance markets are highly competitive, with several factors affecting the Company's relative position, including financial strength, range of product lines and brand strength.

The Company faces competitors that are larger, have greater financial resources or a greater market share, offer a broader range of products or have higher bonus rates, claims-paying ratios, or products delivering superior returns. The Company also competes with subsidiaries and/or associated companies of national and multi-national banking, insurance, and other investment services firms which are authorised in Malta and/or which have established a branch and/or provide their services in Malta on a cross border basis under the European Union's freedoms of establishment and services on a cross border basis. Competition in the insurance industry is also affected by the high level of consolidation, both at national and an international level, in the markets in which the Company operates.

Competitive pressures could result in a reduction in margins on a number of the Company's products and services and may affect the Company's ability to maintain or increase profitability.

Concentration risk may arise because of excessive exposures to one counterparty or a group of connected counterparties, or may also arise in terms of geographies, industries, and products.

The Company's business is limited to the business of insurance, which exposes the Company to a concentration in this sector and the risk that any downturn in or related to the insurance industry will have a more significant impact on the Company than would be the case if the Company's operations were more diversified. Additionally, the Company's business is substantially limited to the Maltese insurance market, and does not benefit from geographical diversification.

Reputational risk, that could be associated with aspects including conflicts of interest, regulatory compliance, human resources behaviour, and the reputation and financial soundness of major shareholders, could have a negative impact on the Company. Reputational harm could result in amongst other things, loss of market share and increased compliance and financing costs.

1.4.6 Operational Risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people, systems, or from external events. This risk encompasses all exposures faced by the Company's functions in the course of conducting the Company's business, including but not limited to, underwriting, accounting and financial reporting, business continuity, claims management, information technology and data processing, legal and regulatory compliance, outsourcing and reinsurance. The company is exposed to the following types of operational risk:

- *Failure of business practices, internal systems and controls* - The Company has constructed a framework of business practices and internal controls to minimise the risks of a material failure in the Group's business processes and systems. However, no system of internal controls can completely eliminate the risk of error, interruption of activity due to system failures, financial loss, fraudulent actions, disclosure of materially incorrect or untimely financial information, or reputational damage. The Company's risk management methods may leave it exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities. Risk mitigation strategies may prove less effective than anticipated, including in relation to its reinsurance arrangements.
- *IT Risk* – The Company relies on complex IT systems, which could be considerably impaired by internal and external factors. The Company is dependent on the functioning of an efficient IT system (hardware and software). IT systems are susceptible to a number of risks, such as computer viruses, hackers, or damage to critical IT hardware. The partial or complete failure of the Company's IT systems, accompanied by a breakdown in back-up resources, could lead to a significant disruption of business processes, a temporary shutdown of business operations, claims for damages and/ or a loss of customers. Should such events or similar events occur and lead to damages or lost revenues, there could be a material adverse effect on the Company's operations, financial results and financial position.
- *Data Protection Risk* - The Company is subject to significant regulation regarding the use of personal customer data since it processes personal customer data as part of its business. With respect to sensitive personal data, the Company must comply with strict data protection and privacy laws and regulations that restrict the Company's ability to collect and use personal information relating to customers and potential customers, including the use of that information for marketing purposes. The Company is also at risk from cyber-crime and fraudulent activity, where data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection laws. The Company could be subject to enforcement action by relevant regulatory authorities, face liability under data protection laws and be exposed to reputational harm. The GDPR became effective on 25 May 2018. The GDPR introduced substantial changes to data protection law, including an increased emphasis on businesses being able to demonstrate compliance with their data protection obligations, which required significant investment by the Company in its compliance strategies. In addition, relevant supervisory authorities are given the power to impose fines of up to four percent (4%) of an undertaking's annual global group turnover or €20 million (whichever is the greater) for failure to comply with provisions of the GDPR.
- *Recruiting and retaining personnel* - Recruiting and retaining qualified personnel, including in management and key positions, is critical to the success of the Company's business, but there can be no assurance of the Company's ability to attract and retain such personnel. The operational and financial performance of the Company are to a significant degree dependent on the existing market and industry knowledge of its management and other key employees. The loss of such human resources will have a negative impact if it is not possible to fill the vacant positions with equally qualified executives within an appropriate time period.

- *Fraud* - Acts intended to defraud, misappropriate property or circumvent the law by an internal or external party. Such manipulation, if not countered by effective control, could lead to financial losses.
- *Client service, Product quality and Business Practices* - Lack of productivity and poor customer service, including failure to execute or process transactions timely and accurately with clients and other counterparties, can have a negative impact on the Company's operations and financial performance.

1.4.7 Change of Control Risk

Any potential change in ownership or control of the Company may potentially have a negative impact on the Group's business operations and financial results, or its future prospects. New shareholders or a new majority shareholder may be in a position to change the business and financial strategy in a way that has a negative impact on the operations, the financial performance or the financial profile of the Company.

1.4.8 Pandemic Risk

In December 2019, the 2019 novel coronavirus (COVID-19) surfaced in Wuhan, China. The World Health Organization declared a global emergency on 30 January 2020 with respect to the outbreak then characterized it as a pandemic on 11 March 2020. While COVID-19 is still spreading and the final implications of the pandemic are difficult to estimate at this stage, it is clear that it will affect the lives of a large portion of the global population and cause significant effects. At this time, the pandemic has caused state of emergencies being declared in various countries, travel restrictions being imposed, quarantines being established, and various institutions and companies being closed.

While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and potential financial impact may extend to countries outside of those currently impacted. Given that the impacts of the pandemic are relatively unknown and rapidly evolving, the extent to which the Coronavirus pandemic may impact the Company's future results is uncertain.

Further to the above, the Company may be adversely affected by the wider macroeconomic effect of the ongoing COVID-19 pandemic as described in the risks related to insurance business above, and any possible future outbreaks. While the final effects of the COVID-19 pandemic are at this stage difficult to assess, it is possible that it will have substantial negative effect on the economies where the Company operates. These effects may also take place in case of any possible future outbreaks. Such effects may also result in the insolvency of the Company's counterparties, which could affect the operations of the Company, as well as its financial standing. Lastly, in case of an economic downturn, the price of the Company's Shares and the possibility of the Company to acquire further financing may be adversely affected.

1.4.9 Property Valuation Risk

The valuations of the Company's property assets are prepared by AP Valletta Ltd, with company registration number C 47097 and with its registered office situated at 4 Sappers Street, Valletta VLT 1320. Valuation of property is inherently subjective due to the individual nature of each property and the assumptions upon which valuations are carried out. In providing a market value for the properties held by the Company, certain assumptions are made, which ultimately may cause the actual value to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that such valuations of the properties will reflect actual market values and the Company may be negatively affected by a decline in capital and rental values of the properties, resulting in potential impairments in value.

1.4.10 Financial Markets Risk

Financial markets risk relates to the risk that the Company may be negatively impacted by financial losses derived from movements in the value of, or income from, certain assets. Market risk can arise, inter alia, from adverse changes, including increased volatility, in interest rates, bond prices, inflation, credit spreads, foreign exchange rates, currencies, equity prices, inflation, corporate earnings, liquidity shortages, systemic shocks, and other factors.

The Company invests in a range of investment assets including bonds, equities, property, intra-group loans, and other financial assets and investment securities. A decrease in the value of these assets, particularly relative to expected returns, liabilities or other contracted obligations, will directly or indirectly impact the financial performance and condition of the Company. Investment returns generated during a financial period have a substantial impact on the performance of Company for that period. The performance of financial markets also has an impact on the general demand by customers for financial products and services. Such trends could also have an adverse effect on liquidity, capital resources, and the ability to raise capital, if required. The Company has, in fact, experienced a decrease in the value of its investments as a direct result of the decline of the Maltese equity markets caused by the COVID-19 pandemic as at 31 December 2020.

Interest rate risk is considered as a major specific risk for the Company derived from financial markets. The Company's operations are subject to interest rate fluctuations, and its exposure to interest rate risk is driven primarily by the movements in the prices and cash flows of assets and liabilities caused by such fluctuations. Interest-earning assets and interest-bearing liabilities may mature or re-price at different times or at different amounts, and such mismatch may have a negative impact on the financial performance of the Company. Movements in interest rates result in fluctuations in the cash flows and values of assets, relative to the expected profile of liabilities. Whilst the Group targets the matching of liability cash flows by maintaining an investment portfolio with an appropriate profile, it may not be possible to eliminate all asset-liability mismatches. Since the Company maintains a substantial portion of its investment portfolios in fixed income assets, increases in interest rates may result in substantial asset write-downs. The Company's sales of, in particular, unit-linked products,

could be adversely impacted by prevailing expected investment returns and levels of volatility in financial markets, which in turn are impacted by fluctuation in interest rates.

The Company's exposure to foreign exchange risk arises primarily from investments that are denominated in currencies other than the Euro. Exchange rate fluctuations could lead to variability in, and have an adverse impact on, the operations, financial performance and financial position of the Company.

1.4.11 Risk associated to agreement with BUPA

LifeStar Health is an appointed insurance agent of BUPA. The termination or modification of this appointment or any other material arrangements for any reason whatsoever could have a significant and adverse effect on the business of LifeStar Health and consequently on the Company, particularly if LifeStar Health is not able to renew or replace this arrangement with alternative arrangements on similar or equally favourable terms. Any adverse economic, market or other circumstances which may impact negatively on LifeStar Health's operations may be accentuated in their impact on the Company as they may in turn necessitate the impairment of goodwill carried on the Company's balance sheet.

1.4.12 Credit risk

Credit risk is the risk that one party to a financial transaction might fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk in different areas. These include investments, in addition to exposures to reinsurers, insurance distributors, customers and trading counterparties. Due to insolvency, lack of liquidity, an economic downturn, management errors or other reasons, these investments or parties may no longer be in a position to satisfy their obligations towards the Company.

There is the risk that the issuers of debt instruments, including in particular corporate and sovereign bonds held in investment portfolios, default on their obligations, which in turn will negatively impact the financial performance and position of the Company. Declines in debt prices as a result of changes in the perception of the creditworthiness of issuers will also negatively impact the financial performance and position of the Company. Other financial assets that could potentially subject the Company to concentrations of credit risk consist of trade and other receivables, including receivables from related parties, and receivables from customers.

With respect to reinsurance, the Company is exposed to the risk that the relevant reinsurer may not fulfil its reinsurance obligation when due. Additionally, the Company is exposed to counterparty default risk related to other activities that could include hedging, banking, and custody agreements.

1.4.13 Liquidity risk

Liquidity risk is the risk that the Company, even if not insolvent, may not have sufficient financial resources to meet its obligations when due, or can only obtain such financial

resources at disadvantageous terms. Liquidity risk for the Company, which may arise from mismatches in the timing of cash flows relating to assets, liabilities and off-balance sheet instruments, is also related to the risk of not having sufficient liquidity to meet insurance claims from the insurance business. Additionally, liquidity is also required by the Company to pay operating costs, taxes, debt servicing costs and the repayment of debt due.

Internal sources of liquidity for the Company primarily include insurance premiums receivable, income from other operations, cash inflows from investment portfolios, and other assets including, in particular, cash and assets that are easily convertible to cash. Liquidity risk may arise or increase due to certain assets being relatively illiquid, with such assets including real estate, unlisted equities and private placement investments.

The Group may need to sell assets, both illiquid assets and assets that would typically be considered as liquid, to raise liquidity during periods when market conditions are unfavourable, resulting in asset sales at prices that are lower than was previously expected. This will have a negative impact on the operations, financial performance and financial position of the company. In terms of the insurance business, such a scenario may be driven by assets being insufficiently liquid to match obligations from contracted liabilities, or to provide for unanticipated requirements driven by higher-than-expected claims.

In addition to internal sources of liquidity, the Company may seek additional capital and financing to provide further liquidity resources. The availability of such sources of liquidity may depend on several factors, including general conditions in the economy and financial markets, health of the banking system, investor sentiment and investors' perception of the Company. If the Company does not have access to adequate sources of liquidity due to a deterioration in such trends, its operations, financial performance and financial position will be negatively impacted.

1.5 Risks Relating to the Bonds

1.5.1 Subordinated Status

The Bonds (their redemption and the payment of interest thereon) shall constitute the general, direct, subordinated, unsecured and unconditional obligations of the Company. In the event of an Insolvent Insurer Winding-up, the claims of Bondholders in respect of the payment of capital and interest on the Bonds will be subordinated to the claims of all policyholders and beneficiaries and other unsubordinated and unsecured creditors of the Company.

If, on a dissolution and winding-up of the Company, the assets of the Company are insufficient to enable the Company to repay the claims of more senior-ranking creditors in full, the Bondholders will lose their entire investment in the Bonds. If there are sufficient assets to enable the Company to pay the claims of senior-ranking creditors in full, but insufficient assets to enable it to pay claims in respect of the Bonds and all other claims that rank *pari passu* with the Bonds, Bondholders may lose some (which may be substantially all) of their investment in the Bonds.

An investment in the Company may not be suitable for all recipients of this Prospectus and prospective Bondholders are urged to consult their advisors as to the suitability or otherwise of acquiring the Bonds before such acquisition. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Bonds and the inherent risks associated with the Company's business. In the event that an investor does not seek professional advice and/or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile.

1.5.2 Limited Recourse Obligations

The Bonds are the obligations of the Company only and do not establish any liability or other obligation of any other person mentioned in this Prospectus. Moreover, there will be no events of default in respect of the Bonds. By purchasing the Bonds, each Bondholder agrees that the only remedy available to the Bondholders in the case of non-performance by the Company of any of its obligations or any other breach by the Company of the Terms and Conditions in this Prospectus (including the non-payment of interest and principal) shall be the right available to the Bondholders to file an application in court for the winding-up of the Company in those instances set out by law. The Bondholders are not entitled to any other remedy in such cases. In the event of a Winding-Up of the Company, the Bonds shall, when permitted by applicable law, become immediately due and payable at their Nominal Value, together with interest accrued up to the date of repayment, if any, in accordance with the ranking established by law only if the payment of the relevant amount would not itself cause the insolvency of the Company or accelerate the process of the Company becoming insolvent. The remedies under the Bonds are, therefore, more limited than those typically available to the Company's unsubordinated creditors.

1.5.3 Maturity and Deferral of Redemption

The Bonds are scheduled to be redeemed at par on the Maturity Date (or at the option of the Company, on any Early Redemption Date) provided that on such date the conditions set forth in Section 15.11.1 of the Terms and Conditions in this Prospectus are met. Under the Terms and Conditions, Bondholders have no right to call the Bonds for early redemption. Where the conditions in Section 15.11.1 are not met, redemption may be delayed beyond the Maturity Date for an indefinite period of time. Therefore, Bondholders may receive their investment back at a later point in time than initially expected. If the Bonds are not redeemed on the scheduled Maturity Date due to the reasons set out above, Bondholders will, subject to any mandatory deferral of interest, continue to receive interest but will not receive any additional compensation for the postponement of the redemption. The Bonds do not contain any event of default provisions that would allow Bondholders to accelerate the Bonds if redemption is delayed beyond the Maturity Date in circumstances where the conditions in Section 15.11.1 are not met.

Each potential investor should consider, with the help of its financial and other professional advisers, whether it understands thoroughly the provisions of this Prospectus, including (*inter alia*) the provisions relating to the redemption and deferral of redemption of the Bonds.

In particular, each potential investor should be cognisant of the potential impact on the market value of the Bonds and, or their liquidity in the event that redemption of the Bonds is delayed. Each potential investor should have sufficient resources and liquidity to bear the risks of an investment in the Bonds, including the risk of deferral of redemption for an indefinite period of time and the risk that an investor in the Bonds may lose some or all of its investment should the Company become insolvent as explained in Section 1.5.1 ('*Subordinated Status*') above.

1.5.4 Interest deferral

In case of a Regulatory Deficiency Interest Deferral Event as set forth in Section 15.8.3 (Mandatory Deferral of Interest) of the Terms and Conditions in this Prospectus, interest on the Bonds will not be due and payable on the scheduled Interest Payment Date and will be deferred. Any such deferral of payment will not constitute a default of the Company or any other breach of its obligations under the Bonds or for any other purpose and will not give Bondholders any right to accelerate repayment of the Bonds or take any other action under the Bonds. Interest deferred will constitute Arrears of Interest. Bondholders will not receive any additional interest or compensation for the mandatory deferral of payments. In particular, the resulting Arrears of Interest will not bear interest.

1.5.5 Waiver of Set-Off

Bondholders waive any right of set-off in relation to the Bonds insofar as permitted by applicable law. Therefore, the Bondholders will not be entitled (subject to applicable law) to set-off the Company's obligations under the Bonds against obligations owed by them to the Company.

1.5.6 Bonds are Redeemable at the Option of the Company

Any or all of the Bonds may be redeemed at par by the Company on any Early Redemption Date on at least sixty (60) days' prior written notice to the relevant Bondholders. Bondholders will be entitled to, in respect of the Bonds being redeemed, repayment of all principal together with interest accrued until the date of redemption but once the Bonds are redeemed the relevant Bondholders will no longer be entitled to any interest or other rights in relation to those Bonds. If Bonds are redeemed prior to the Maturity Date a Bondholder would not receive the same return on its investment that it would have received if those Bonds were redeemed on the Maturity Date. In addition, the Bondholder may not be able to re-invest the proceeds from the early redemption at yields that would have been received on the Bonds had they not been redeemed early. This optional redemption feature may also have a negative impact on the market value of the Bonds. During a period when the Company may opt to redeem the Bonds, it is unlikely that the market value will rise above the price at which the Bond will be redeemed.

1.5.7 Interest Rate Risk of the Bonds

The Bonds are fixed rate debt securities. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the

Bonds. Investors should be aware that because of the way yield is typically calculated by market participants, the price of fixed income securities tends to move in a way that is inversely proportional to changes in interest rates. Accordingly, when prevailing market interest rates are rising, the prices that market participants will generally be willing to pay for the Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Bonds will tend to rise. Moreover, fixed rate debt securities with a longer period to maturity will tend to reflect a greater degree of secondary market price volatility relative to movements in market interest rates when compared to fixed rate debt securities with a shorter remaining life.

1.5.8 Risk that Market Value of the Bonds Could Decrease if Actual or Perceived Creditworthiness of the Company Deteriorates

If the probability, or perceived probability, that the Company may not be able to fulfil all its obligations due from the Bonds or due from other debt obligations, the market value of the Bonds will fall and, or experience increased volatility.

1.5.9 No Assurance of Active Secondary Market for the Bonds

The existence of an orderly and liquid market for the Bonds will depend on a number of factors, including the presence of willing buyers and sellers of the Bonds at any given time and over whom the Company has no control. Accordingly, it is impossible to guarantee a liquid or any secondary market for the Bonds after their admission to trading or that such a market, should it develop, will subsist. Illiquidity can have a severe adverse effect on the market value of the Bonds and the price quoted by Bondholders for Bonds already admitted to trading on the Official List may be at a significant discount to the original purchase price of those Bonds. There can be no assurance that Bondholders will be able to sell the Bonds at or above the price at which the Company issued the Bonds, or at all. The impact of COVID-19, and other infectious illness outbreaks that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen, thereby making the probability of an orderly and liquid market more uncertain.

1.5.10 No restriction on the Company Incurring Additional Indebtedness

The Bonds do not restrict the Company's ability to incur additional debt (including through the issuance of bonds or other debt securities) or securing that indebtedness in the future, which actions may negatively affect the Company's financial position and its ability to make payments on the Bonds when due. Moreover, such indebtedness may have a prior ranking than the Bonds, in which case it could rank ahead of the Bonds in the event of an Insolvent Insurer Winding-up. See also Section 1.5.1 ('*Subordinated Status*') above.

1.5.11 Suspension of Trading or Discontinuation of Listing

Even after the Bonds are admitted to trading on the Official List, the Company is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability,

clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, among other things, it determines that such action is required for the protection of investors or of the integrity or reputation of the market. The Listing Authority may also discontinue the listing of the Bonds on the Official List. Any trading suspension or listing discontinuation described above could have a material adverse effect on the liquidity and value of the Bonds.

1.5.12 Continuing Compliance Obligations

Even after the Bonds are admitted to trading on the Official List of the MSE, the Company is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds.

1.5.13 Changes to the Terms and Conditions

In the event that the Company wishes to amend any of the Terms and Conditions it shall call a meeting of Bondholders in accordance with the provisions of Section 15.15 below. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

1.5.14 Changes to Governing Law

The terms and conditions of the admission to trading of the Bonds are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

THE FOREGOING RISK FACTORS ARE NOT EXHAUSTIVE AND DO NOT PURPORT TO BE A COMPLETE LIST OF ALL OF THE RISKS AND CONSIDERATIONS INVOLVED IN INVESTING IN THE BONDS. IN PARTICULAR, THE COMPANY'S PERFORMANCE MAY BE AFFECTED BY CHANGES IN MARKET OR ECONOMIC CONDITIONS AS WELL AS LEGAL, REGULATORY AND TAX REQUIREMENTS APPLICABLE TO THE COMPANY AND/OR THE BONDS.

2. PERSONS RESPONSIBLE AND STATEMENT OF APPROVAL

2.1 Persons Responsible

All of the Directors whose names appear under Section 8.1 of this Prospectus are the persons responsible for all of the information contained in this Prospectus. To the best of the knowledge and belief of the Directors the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect its import, and the Directors have taken all reasonable care to ensure that this is the case. The Directors accept responsibility accordingly.

2.2 Consent for use of Prospectus

For the purposes of any subscription of Bonds by the Authorised Intermediaries in terms of this Prospectus and any subsequent resale, placement or other offering of the Bonds by such Authorised Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Company consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale, placement or other offering of the Bonds, provided this is limited only:

- (i) in respect of the Bonds subscribed for through Authorised Intermediaries;
- (ii) to any resale or placement of the Bonds subscribed as aforesaid, taking place in Malta; and/or
- (iii) to any resale or placement of the Bonds subscribed as aforesaid, taking place within the period of sixty (60) days from the date of the Prospectus.

Other than any condition set out in this Section, there no other conditions attached to the consent given by the Company hereby which are relevant for the use of the Prospectus. Neither the Company nor its advisors take any responsibility for the actions of the Authorised Intermediaries, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of the Bonds.

Other than as set out above, neither the Company nor the Sponsor have authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Company or the Sponsor and neither the Company nor the Sponsor have any responsibility or liability for the actions of any person making such offers.

Investors should enquire whether an intermediary is considered to be an Authorised Intermediary in terms of the Prospectus. A list of Authorised Intermediaries is set out in Annex C. If the investor is in doubt as to whether it can rely on the Prospectus and/or who is responsible for its contents, it should obtain legal advice.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Company or the Sponsors. The Company does not accept responsibility for any information not contained in this Prospectus.

In the event of a resale, placement or other offering of the Bonds by an Authorised Intermediary, the Authorised Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.

Any resale, placement or other offering of the Bonds to an investor by an Authorised Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the relevant Authorised Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Company nor the Sponsors have any responsibility or liability for such information.

Any Authorised Intermediary using this Prospectus in connection with a resale, placement or other offering of the Bonds subsequent to the Bonds Issue shall, limitedly for the period of sixty (60) days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement or other offering in accordance with the consent of the Company and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to Authorised Intermediaries unknown at the time of this Prospectus will be made available by the Company through a company announcement which will be made available on the Company's website: <https://lifestarinsurance.com/>.

2.3 Authorisation Statement

This Prospectus has been approved by the Listing Authority as the competent authority in Malta for the purposes of the Prospectus Regulation. The Listing Authority has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, and such approval should not be considered as an endorsement of the Company and/or the Bonds (as the subject of this Prospectus). Prospective investors should make their own assessment as to the suitability of investing in the Bonds.

3. ADVISORS AND STATUTORY AUDITORS

3.1 Advisors

Legal Counsel

Zammit Pace Advocates
35, St. Barbara Bastions
Valletta VLT 1961
Malta

Reporting Accountants

Grant Thornton Limited
Fort Business Centre, Level 2
Triq L-Intornjatur,
Zone 1 Central Business District
Birkirkara, CBD 1050
Malta

Sponsor

Curmi & Partners Ltd
Finance House, Princess Elizabeth Street
Ta' Xbiex XBX 1102
Malta

The services of the Company's legal counsel, reporting accountants, Sponsor and other advisors in respect of this Prospectus are limited to the specific matters upon which they have been consulted. There may be other matters that would have a bearing on the Company or an investment in the Bonds upon which such advisors have not been consulted. The Company's legal counsel, reporting accountants, Sponsor and other advisors do not undertake to monitor the compliance by the Company with its obligations as described in this Prospectus, nor do they monitor the Company's activities for compliance with applicable laws. Additionally, the Company's advisors have relied and continue to rely upon information furnished to them by the Company and the Directors, and have not investigated or verified nor will they investigate or verify the accuracy and completeness of information set out herein concerning the Company, the Company's service providers or any other parties involved in the Listing (including all of their respective affiliates, directors, officers, employees and agents). Moreover, the Company's legal counsel accepts no responsibility for any description of matters in this Prospectus that relate to (and any issues arising from) any applicable law that is not Maltese law.

3.2 Statutory Auditors

Grant Thornton Limited of Fort Business Centre, Level 2, Triq L-Intornjatur, Zone 1 Central Business District Birkirkara, CBD 1050, Malta, have been appointed as the Company's statutory auditors until the end of the next annual general meeting of the Company. Grant Thornton is a registered audit firm with the Accountancy Board of Malta in terms of the Accountancy Profession Act (Chapter 281 of the laws of Malta) with registration number AB/26/84/22.

4. GENERAL INFORMATION ON THE COMPANY AND THE GROUP

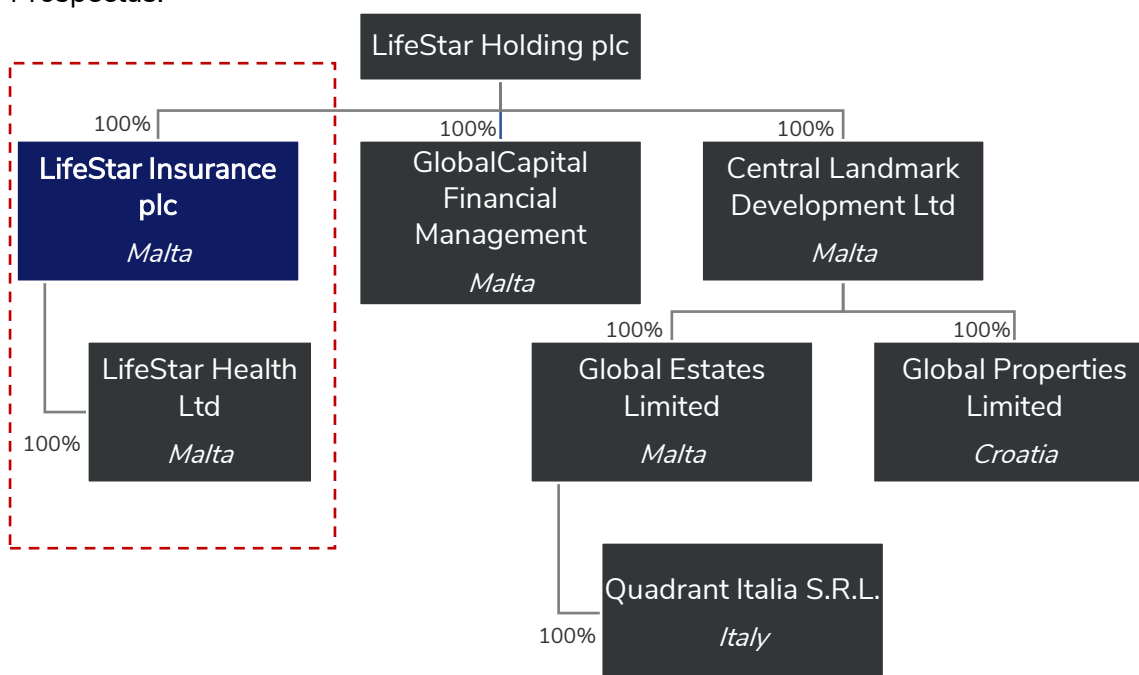
4.1 The Company

Legal & Commercial Name:	LifeStar Insurance p.l.c.
Company Registration Number:	C 29086
Legal Form:	public limited liability company established under the Companies Act
Legal Entity Identification Number:	213800RJG2OCEN9KIW48
Place of Registration & Domicile:	Malta
Date of Registration:	21 December 2001
Registered Office Address:	LifeStar, Testaferrata Street, Ta' Xbiex, Malta, XBX 1403
Telephone Number:	+356 21 342 342
E-mail Address:	info@lifestarinsurance.com
Website:	https://lifestarinsurance.com/

Unless it is specifically stated herein that particular information is incorporated by reference into this Prospectus, the contents of the Company's website (or any other website referred to herein) or any other website directly or indirectly linked to the Company's website do not form part of the Prospectus. Accordingly, no reliance ought to be made by any investor on any information or other data contained in such website as a basis for a decision to invest in the Bonds.

4.2 Group Organisational Structure

The following diagram illustrates the corporate structure of the Group as at the date of the Prospectus:



[Note: LifeStar Health has a fully paid up share capital of €174,702.98 divided into 70,000 profit participating ordinary "A" shares of approximately €2.33 each, all held by the Company, and 5,000 non-profit participating "B" shares of approximately €2.33 each held by BUPA Investments Limited (of BUPA House, 15 – 19 Bloomsbury Way, London WC1A 2BA, United Kingdom). All the shares in LifeStar Health carry equal voting rights.]

This structure chart is correct as at the date of this Prospectus. However, given that simultaneously with the Bond Issue, the Share Offer and Exchange Offer are taking place, the Company may no longer be a fully owned subsidiary of LSH following the successful completion of the Share Offer and the Exchange Offer.

5. BUSINESS OVERVIEW

5.1 Business Overview of the Company

5.1.1 Historical Development and Recent Events

The Company (formerly, British American Insurance Co. (Malta) Ltd) was incorporated on 21 December 2001, with registration number C 29086.

On 15 January 2003, the MFSA authorised the Company to carry on long-term business of insurance in Malta as principal under Class I (Life and Annuity) and on 6 July 2007 the MFSA licensed the Company under Class III (Linked Long Term), in terms of the Insurance Business Act. In January 2003, the Company took over the Maltese insurance business portfolio of BAI Co (Mtius) Ltd (registration number O6007513 (formerly British American Insurance Co. (Mtius) Ltd), which had been carrying on life assurance business in Malta since 1965.

The Company's total assets increased from €134.6 million in 2018 and €150.2 million in 2019 to €160.5 million in 2020 representing a compound annual growth rate of 9.2%.

Whilst gross written premium was €12.0 million in both 2018 and 2019, it has increased by 9.7% in 2020, reaching €13.2 million.

Over the years, the Company has abided by regulatory obligations including the Solvency II Directive (Directive 2009/138/EC), which stipulates the Minimum Capital Requirement and the Solvency Capital Requirement it is expected to maintain. The Company's SCR ratio was 158% as at the end of 2020 (2019: 174%), in excess of its regulatory obligations and of its own target solvency capital ratio of 140%.

During recent periods in particular, the Company has been undertaking a number of restructuring and transformation initiatives, with the objective of further enhancing operational efficiencies, long-term profitability and corporate governance structures.

The Company continues to monitor the impact of the COVID-19 outbreak, which has the potential of impacting both the insurance operations (as a result of the impact on demand for discretionary life, health, and mortgage linked life insurance) and the investment portfolio. However, the Company is of the view that the main impact so far of the COVID-19 outbreak has been limited to the volatility in financial markets and its effect on investment returns.

In order to ensure that it retains sufficient levels of liquidity during the Covid-19 pandemic, LifeStar Holding entered into the BOV MDB Covid-19 Assist Loan. On 2 June 2020, the Company entered into the BOV Guarantee Agreement, pursuant to which the Company guaranteed the payment of principal under the BOV MDB Covid-19 Assist Loan limited to €3 million together with interest. This guarantee is considered by the MFSA to encumber the Company's own funds in terms of Solvency II. In accordance with regulatory guidance received from the MFSA, the Company has deducted an amount equivalent to €3 million from Eligible Own Funds, which has resulted in the deterioration of the SCR ratio mentioned above.

The SCR ratio without the said encumbrance would be 177%. LifeStar Holding intends to take steps to settle the BOV MDB Covid-19 Assist Loan and, consequently, to terminate the BOV Guarantee Agreement in the near future which will remediate the encumbrance on own funds of the Company. The Company expects to maintain a robust capital position which is highly resilient to stressed conditions.

Share Offer and Exchange Offer

Pursuant to the Share Prospectus, an application has been made for the ordinary shares of the Company having a nominal value of €0.1414779585 each (the “**LSI Shares**”) to be admitted to listing on the Official List of the Malta Stock Exchange. The listing of the LSI Shares will be made in conjunction with the offer to the public of 18,518,519 LSI Shares held by LifeStar Holding (as Selling Shareholder) at an offer price of €0.54 (the “**Share Offer**”), as well as an exchange offer by LifeStar Holding of 6,570,000 ordinary shares in the Company to its shareholders to exchange all or part of their shares in LifeStar Holding for LSI shares, based on an exchange ratio of one (1) LifeStar Holding shares for one (1) LSI Share (the “**Exchange Offer**”). All of the shares in LifeStar Holding received from LifeStar Holding shareholders as consideration for the Exchange Offer will be cancelled by LifeStar Holding in accordance with the provisions of Article 83 of the Companies Act, which cancellation was approved by the LifeStar Holding shareholders at a general meeting held on 09 October 2020.

The net proceeds from the Share Offer, which are expected to amount to €10 million, shall be for the benefit of LifeStar Holding, and shall be applied by LifeStar Holding for the following purposes, in the order of priority set out below:

- (1) to redeem the LSH Bonds; and
- (2) in the event that the LSH Bonds are redeemed in full, for general corporate purposes including, but not limited to, the repayment, in whole or in part, of the BOV MDB Covid-19 Assist Loan and the consequent termination of the BOV Guarantee Agreement.

The Share Offer, the net proceeds of which shall be to the benefit of LifeStar Holding and constitute the part realization of LifeStar Holding’s stake in the Company, is part of a wider restructuring of the Group.

5.1.2 Capital Overview

The Company and its subsidiary’s operations are financed solely through equity and reserves, given that it has no loans with third parties or related parties. The consolidated equity value amounted to €30.2 million as at 31 December 2020, comprising share capital of €9.2 million, capital redemption reserve of €0.8 million; accumulated retained earnings of €8.4 million and other reserves of €11.9 million. The other reserve includes: (i) €10.1 million being the value of in-force business; (ii) €1.3 million relating to the property revaluation reserve; and (iii) €0.4 million relating to unrealised gains.

The Company's business activities are expected to be financed primarily through premiums collected, as well as through investment income from its investment activities, including the repayment of principal and interest on intra-group loans.

The Directors are not aware of any material change in the Company's borrowing and funding structure since the end of the latest financial year ended 31 December 2020.

5.1.3 Principal Activities and Markets

The Company is a provider of life insurance products offering a comprehensive range of protection, savings, investment and pension products. The Company provides both single premium and regular premium interest-sensitive saving products, unit-linked insurance-based investment products, pension products as well as protection products including level and decreasing term, critical illness and group life policies.

The Company provides two main innovative products, namely a Cancer Care Plan and Real Life Plan, both being the first of their kind on the market. Beneficiaries of the Cancer Care Plan receive a sum of up to €100,000 in the event of a cancer diagnosis. Amongst other things, the Cancer Care Plan has been designed to help provide for loss of income; cover short term debts, and help for day-to-day treatment expenses. The Real Life Plan is a unit-linked, whole of life policy, based on the insured's preferences, investment goals and risk tolerance which allows customers to choose the funds they want to invest in. As a plan with a choice of death benefit, customers may also choose the type of payment which is made to beneficiaries. The Company also introduced pension products in 2020, enhancing cross-selling opportunities and its range of products.

In general, the Company is able to offer a personalised and flexible service through its network of tied insurance intermediaries.

The Company expects to continue to grow organically, targeting opportunities in the protection and unit-linked markets.

In addition to the technical contribution to the profit and loss account generated from the above listed segments, the Company also earns income on its investment portfolio. The Company manages a wide range of financial investments, including equities, fixed income securities and, to a lesser extent, investment properties.

Investment performance remains key to the Company's overall profitability as is typically the case with most life insurers. The Company's strategic asset allocation is determined following thorough investigations and asset liability modelling and aims to maximise returns subject to pre-defined risk tolerance limits that safeguard against unwanted market risk. The Company's investment portfolio is managed by experienced portfolio managers and their performance is reviewed at least quarterly by the Company's Asset Liability Committee (ALCO) and the Board.

The Company also owns a majority stake in LifeStar Health, formerly GlobalCapital Health Insurance Agency Limited, which is duly licensed by the MFSA to act as an insurance agent

for Sickness Insurance (General Business) and acts as a branch of BUPA, which has passported into Malta under the EU provisions of Freedom of Establishment.

The agency activity conducted in Malta by LifeStar Health constituted the first BUPA agency of its sort outside the United Kingdom. As the exclusive agent in Malta for BUPA, LifeStar Health is engaged in the promotion, administration and provision of health insurance cover for individuals and groups in Malta. LifeStar Health also provides BUPA with client and back-office support services in respect of its local business in Malta. Accordingly, the economic viability of LifeStar Health depends on its business arrangement with BUPA, the termination or modification of which could have a significant and adverse effect on the business of LifeStar Health and consequently on the Company.

The following table summarises the total gross premium income of the Company which comprises individual insurance contracts and group insurance contracts.

€000	2018	2019	2020
Periodic premiums	5,220	6,777	6,740
Single Premiums	6,798	5,255	6,456
Total gross premium income	12,018	12,032	13,196
Individual insurance contracts	11,538	11,572	12,796
Group insurance contracts	480	460	400
Total gross premium income	12,018	12,032	13,196

5.1.4 Strategy and Objectives

The Company aspires to be the best life insurance company in Malta by providing value for money and innovative insurance solutions. The Company's aim is for its brand to be synonymous with innovation.

The Company's goal is to add long-term value to its shareholders by growing the business sustainably and ensuring strong profitability.

The Company's key objectives include:

- enhancing its market share through sustainable growth;
- expanding its business in other European and non-European markets;
- improving the efficiency of the sales network by implementing paperless processes;
- diversifying the distribution by identifying cheaper and more efficient distribution channels;
- enhancing customer experience and operational efficiency by implementing new technology and artificial intelligence solutions;
- enhancing its product suite with innovative and flexible insurance products and propositions;
- maintaining the highest standards of corporate governance;

- attracting and retaining qualified human resources;
- creating a dynamic organisation which encourages personal and career development.

In line with the key objectives outlined above, in 2018, the Group embarked on a major restructuring process in the run-up to rebranding by streamlining procedures, introducing efficient working practices, and reorganising the management structure to bring about better performance, improved corporate governance and enhanced competitiveness in the market.

The Company recently implemented a front office system, a digital tool for the sales force which replaced the traditional processes with more efficient, cheaper and paperless processes. This digital solution is expected to enhance drastically the sales process and the customer experience.

The Company is also seeking a strategic distribution partner in the local market to further diversify its distribution channels and increase its market share, whilst considering strategic partnerships in other EU and non-EU jurisdictions.

The Company has been investing in the recruitment of highly qualified personnel, covering key tasks including senior management, product development, and business analysis. Business processes and internal controls are being enhanced, with a particular focus on business continuity and disaster recovery. The Group also invested in areas of regulatory and compliance risk, including upgrades of Anti Money Laundering and Funding of Terrorism (“**AMLFT**”) policies and technology.

The Company is in the process of acquiring a new accounting system in preparation for the implementation of the new insurance accounting standards IFRS17 effective from 01 January 2023. This will also give the Company the opportunity to engage into a transformation of the finance function by reviewing and automating the operations of the financial and reporting processes as well as enhancing the granularity of management information. Timely and comprehensive reports should allow management to monitor better the performance of the Company and take immediate corrective actions when necessary.

As from the beginning of 2020, the Company engaged a new reinsurer in order to reduce the counter party and concentration risk exposure to one reinsurer, also reducing underwriting costs and streamlining operational processes.

With respect to the investment side of its business, the Company has implemented a new investment policy framework, enhancing its asset and liability management in order to reduce the volatility of its profit and loss account. The Company’s investment strategy seeks to preserve capital and assets, while maintaining liquidity and maximising returns for its customers and shareholders.

In 2020 the Group rebranded to “LifeStar”. The new name is part of the Group’s rebranding effort and reflects the strategic decision of the Group to concentrate on what it does best - insurance.

5.1.5 Trend Information

Trends in the insurance industry

According to the National Statistics Office (“NSO”) figures, in 2019, Malta’s gross domestic product increased by 6.8% over that registered in 2018.

Statistics published by the Malta Insurance Association (“MIA”) indicate that Malta’s non-life insurance penetration rate was 1.65%, while the penetration rate of life insurance was 2.86% in 2019¹.

In Europe, the life insurance premium spent per capita declined from €1,246 in 2018 to €1,163 in 2019. According to statistics published by Insurance Europe (<https://www.insuranceeurope.eu>) an average of €2,085 per capita was spent on insurance in Europe in 2019 - €1,163 was spent on life insurance and €248 on health and €680 on other non-life insurance.

In Malta, a per capita average of €439.10 was spent on non-life business insurance in 2019, compared to €406.28 in 2018. On the other hand, insurance density in the long-term business segment decreased in 2019: on a per capita basis, an average of €764.17 was spent on long-term business, compared to an average of €839.95 in 2018.

According to MIA statistics, in 2019, total insurance premia in Malta amounted to €595.62 million, decreasing by 3.17% over the total insurance business of €615.09 million which had been generated in 2018.

The decrease in total insurance premia in 2019 was mainly due to the life insurance decline of 8.76%, which followed increases of 5.29% (2018) and 10.24% (2017).

Non-life insurance business experienced a rise of 8.39% in 2019, compared to the increases of 9.49% in 2018 and 7.66% in 2017.

Health Insurance grew by 8.33% in 2019, following a rise of 10.62% in 2018.

The insurance sector was not spared from the impact of COVID-19 and while it is far too early to consider the effects this pandemic may have had on the industry, the sector continues to face challenges which are possibly unprecedented in recent history.

Trends in the life insurance industry

According to the MIA report, in the domestic market, life insurance business is carried out by five insurance companies, with the demand for life insurance products having experienced a drop of 8.76% in 2019, to €378.26 million, as compared with 2018. Life premiums for 2019 represented 63.51% of the total life and non-life premiums.

The number of single premiums policies in 2019 increased by 4.5% over 2018, after experiencing an increase of 10.78% in the previous year. On the other hand, the number of

¹ Source: Malta Insurance Association Annual Report 2020

periodic premium policies had experienced a 1.69% increase in 2019, after dropping minimally by 0.49% in 2018.

Benefits paid under life policies increased by 20.47%, from €246.62 million in 2018 to €297.11 million in 2019. Maturity payments amounted to €201.97 million and represented 67.98% of all benefits, whereas the portion of surrender payments decreased minimally in 2019 to 24.04% of all benefits. Death benefits experienced a substantial drop from €43.07 million in 2018 to €23.7 million in 2019 reflecting a drop in the proportion of all benefits from 17.47% in 2018 to 7.98% in 2019.

In 2019, 82.08% of the life premiums originated from financial institutions, 2.02% came from brokers, whilst 11.82% was sourced from insurance intermediaries. Direct employees were responsible for generating 3.91% of this business and a minor 0.17% was classified as generated from 'other sources'.

Trends in the health insurance industry

With reference to the MIA report, the basket of insurers who contributed to local health insurance market consists of 9 companies.

The gross written premium in the private health insurance sector reached €36.52 million, having increased by 8.33% in 2019. This increase compares well with the second-highest ever increase registered in 2018 (over 2017) where premiums written registered an increase of 10.62%. The highest recorded increase is the one registered in 2015 at 11.97%.

Health insurance claims amounted to €18.17 million in 2019, compared to €17.70 million in the previous year. The loss ratio dropped from 54.59% in 2018 to 51.35% after having decreased progressively on an annual basis since 2014, when it stood at 64.39%. It had remained rather stable in 2017 and 2018.

Health insurance premiums remained stable over 2018 and 2019 and represented 16.8% of the total non-life written gross premiums.

6. FINANCIAL INFORMATION

6.1 Historical Financial Information

For the financial years ended 31 December 2018, 2019 and 2020, the Company and LifeStar Health prepared separate financial statements, which have all been audited and filed with the Malta Business Registry and/or the Listing Authority and shall be deemed to be incorporated by reference in, and form part of, this Prospectus.

As LifeStar Holding prepares consolidated financial statements, in line with the provisions of Section 174 of the Companies Act the Company was not required to prepare consolidated financial statements for the Company and LifeStar Health.

As from financial year ended 31 December 2020, the Company prepared consolidated financial statements for the Company and LifeStar Health, a copy of which has been audited and filed with the Malta Business Registry and the Listing Authority. Such financial statements, together with the auditors' reports thereon, shall be deemed to be incorporated by reference in, and form part of, this Prospectus. This Prospectus also makes reference to the consolidated financial statements of the Company and LifeStar Health for the financial years ended 31 December 2018 and 2019. Whilst the consolidated accounts for years ended 31 December 2018 and 2019 have not been audited, the separate financial statements of the individual companies were audited as noted above.

The aforementioned financial statements are also available for inspection as set out in Section 18 of this Prospectus.

These financial statements of the Company and the consolidated financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and are available for inspection as set out in Section 18 of this Prospectus.

There has been no significant change in the financial position or performance of the Company or LifeStar Health since 31 December 2020 (being the end of the last financial period in respect of which the Company and LifeStar Health has published financial information).

Table of key cross-references

Information incorporated by reference in the Prospectus	Page Number in Annual Reports		
	Financial year ended 31	Financial year ended 31	Financial year ended 31
	December 2020	December 2019	December 2018
LifeStar Insurance p.l.c. – consolidated financial statements			
Consolidated Statements of Comprehensive Income	5-6	n/a	n/a
Consolidated Statements of Financial Position	7	n/a	n/a
Consolidated Statements of Cash Flows	10	n/a	n/a
Notes to the Consolidated Financial Statements	11-69	n/a	n/a
Independent Auditors' Reports	70-75	n/a	n/a

LifeStar Insurance p.l.c. – separate financial statements			
Statements of Comprehensive Income	5-6	5-6	4-5
Statements of Financial Position	7	7	6
Statements of Cash Flows	10	9	8
Notes to the Financial Statements	11-68	10-68	9-57
Independent Auditors' Reports	69-74	69-76	58-65
LifeStar Health Limited – separate financial statements			
Income Statements	4	1	1
Statements of Financial Position	5	2	2
Statements of Cash Flows	n/a	n/a	n/a
Notes to the Financial Statements	6-16	3-13	3-12
Independent Auditors' Reports	17-19	14-16	13-15

6.2 Selected Financial Information

6.2.1 Statement of comprehensive income

The table below sets out a condensed statement of comprehensive income of the Company and its subsidiary LifeStar Health for the financial years ended 31 December 2018, 31 December 2019, and 31 December 2020. The financial information for the financial years ended 31 December 2019 and 2020 was extracted from the audited consolidated financial statements of the Company.

Consolidated statement of comprehensive income for the financial year ended

€000	2018	2019	2020
Earned premiums, net of reinsurance			
Gross premiums written	12,018	12,032	13,196
Outward reinsurance premiums	(1,500)	(1,667)	(1,648)
Earned premiums, net of reinsurance	10,517	10,365	11,549
Net investment income	845	4,062	1,579
Investment contract fee income	933	1,361	1,727
Total technical income	12,296	15,788	14,855
Benefits and claims incurred, net of reinsurance			
Benefits and claims paid			
- gross amount	7,772	9,150	11,309
- reinsurers' share	(783)	(479)	(956)
	6,989	8,670	10,353
Change in the provision for claims			
- gross amount	(110)	(190)	41
- reinsurers' share	260	(135)	(93)
	150	(325)	(52)
Benefits and claims incurred, net of reinsurance	7,139	8,346	10,301
Change in other technical provisions, net of reinsurance -			
Insurance contracts			
- gross amount	4,199	5,672	2,064
- reinsurers' share	(3,927)	(4,074)	(3,204)
	272	1,598	(1,140)
Investment contracts with DPF - gross	3,012	1,588	2,418

Investment contracts without DPF - gross	92	127	90
Change in other technical provisions, net of reinsurance	3,376	3,312	1,368
Net operating expenses	3,094	3,630	4,524
Total technical charges	13,608	15,287	16,193
Balance on the long-term business of insurance technical account	(1,313)	500	(1,338)
Net investment Income	362	1,741	677
Commission and fees receivable	1,775	1,688	2,148
Commission payable	(86)	(85)	(83)
Other expenses (net of other non-technical income)	(1,196)	(1,602)	(926)
Finance charges	(34)	(34)	-
Movement in impairment provisions on receivables	(802)	(87)	76
Profit/(loss) before tax	(1,292)	2,120	554
Tax	354	(363)	366
Profit/(loss) after tax	(938)	1,757	921
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Increment in value of in-force business (net of deferred tax)	1,468	888	68
Revaluation of property, plant and equipment (net of deferred tax)	-	-	248
<i>Items that will be reclassified subsequently to profit or loss</i>			
Net loss on AFS financial assets (net of deferred tax)	(150)	(89)	(73)
Total comprehensive income	380	2,557	1,164

The Company's total technical income averaged at c. €14.3 million over the last three years, increasing from €12.3 million in FY2018 to €15.8 million in FY2019 (increase of 28.3%), but declining by 5.9% in FY2020, to €14.9 million. These fluctuations in technical income are attributable to investment income, given that earned premiums net of reinsurance were stable at c. €10-11 million per year which are principally generated on ordinary business. In fact, during FY2019, the Company generated investment income of €4.1 million following the positive performance of the local and international investment markets. However due to the COVID-19 pandemic, there was a negative performance in the local and international investment markets, particularly local equities, which resulted in the Company generating investment income of €1.6 million. These fluctuations in the investment market also contributed to the variations in net investment income (attributable to shareholders), from €0.4 million in FY2018, up to €1.7 million in FY2019, and decreasing to €0.7 million in FY2020. This variability was the main source of the resultant variability in the Company's bottom line.

Total technical charges have increased from €13.6 million in FY2018 to €16.1 million in FY2020. This increase is principally due to maturing and surrendering of policies, given that benefits and claims paid increased by €3.2 million, from €6.9 million in FY2018 to €10.2 million in FY2020, which is equivalent to a CAGR of 20%. The increase in technical charges is also attributable to higher net operating expenses, particularly insurance commission expenses and recharges of wages and salaries (including management fees), but was offset by a decrease in changes of technical provisions. As a result, total technical charges were

higher than the technical income generated by €1.3 million in each of FY2018 and FY2020, whilst the Company generated a technical account surplus of €0.5 million in FY2019.

The commissions and fees receivable represent premia written by LifeStar Health in line with its agreements with BUPA. Although the pandemic resulted in a decrease in travel insurance as well as a decrease in premia from clients operating in the hospitality industry, this was compensated with clients postponing operations and treatments. As a result, commissions and fees receivable increased from €1.8 million in FY2018 to €2.2 million in FY2020.

Other expenses principally relate to LifeStar Health and consist of wages and salaries, professional fees, IT costs and depreciation, as well as expenses relating to the Company, which are allocated to the non-technical account, characterised predominantly by recharges salaries and professional fees.

Finance charges were constant over the period, amounting to €34k per annum in FY2018 and FY2019, relating to interest on preference shares. As the preference shares were redeemed in FY2019 and paid in FY2020, there were no finance charges due in FY2020. The movement in provision for impairment for FY2018 relates to the impairment of a balance due from LifeStar Holding p.l.c.

Effective tax rate averaged at c. 22% of loss/profit before tax during FY2018 and FY2019, but increased to 66% during FY2020 due to Adjustment for tax rate differences on investment property revaluation and income not subject to taxation.

At a consolidated level, the Company and LifeStar Health generated a loss of €0.9 million in FY2018, a profit of €1.8 million and €0.8 million in FY2019 and FY2020 respectively – averaging at a profit of €0.5 million per annum.

Other comprehensive income includes the increment in value of in-force business and revaluation of property, plant and equipment net of deferred tax movements, both of which will not be reclassified subsequently to profit and loss, and net losses and related deferred tax consideration on available-for-sale financial assets which will be reclassified subsequently to profit and loss.

6.2.2 Statement of financial position

The table below sets out the statement of financial position of the Company and its subsidiary LifeStar Health for the financial years ended 31 December 2018, 31 December 2019, and 31 December 2020. The financial information for the financial years ended 31 December 2018, 2019 and 2020 was extracted from the audited consolidated financial statements of the Company.

Statement of financial position

€000	31-Dec-18	31-Dec-19	31-Dec-20
Assets			
Intangible assets	11,577	12,208	12,387
Right of use asset	-	20	14
Property, plant and equipment	2,049	1,978	2,072
Investment property	15,240	15,538	17,763
Investment in group undertakings	-	-	-
Other investments	73,202	78,626	83,632
Taxation receivable	778	1,080	233
Deferred tax asset	-	130	1
Reinsurers' share of technical provisions	13,359	17,568	20,749
Receivables:			
Other receivables	6,637	6,508	7,296
Prepayments and accrued income	1,754	1,915	2,013
Cash at bank and in hand	10,424	15,395	15,593
Asset held-for-sale	-	200	200
Total assets	135,021	151,166	161,955
Equity and liabilities			
Capital and reserves			
Share capital	9,970	9,170	9,170
Other reserves	10,831	11,631	11,874
Capital redemption reserve	-	-	800
Retained earnings	7,951	8,265	8,386
Total equity	28,753	29,067	30,230
Technical provisions:			
Insurance contracts	60,690	66,362	68,427
Investment contracts with DPF	24,689	26,277	28,695
Investment contracts without DPF	12,789	18,763	26,248
Provision for claims outstanding	1,323	1,133	1,057
Lease liability	-	21	15
Taxation payable	-	-	31
Deferred tax liability	1,937	2,292	1,452
Payables:			
Payables arising out of direct insurance operations	4,476	4,354	4,843
Payables due to immediate parent undertaking	34	868	-
Payables due to group undertakings	-	378	224
Other payables	95	143	98
Accruals and deferred income	235	1,510	637
Total liabilities	106,268	122,099	131,725
Total equity and liabilities	135,021	151,166	161,955

The Company and its subsidiary's total assets as at 31 December 2020 amounted to €162.0 million (31 December 2019: €151.2 million). These mainly comprise:

- Intangible assets of €12.4 million of which €10.5 million relates to the value of in-force business;
- Investment property portfolio with a value of €17.8 million. Refer to Section 7.1 for further detail;
- Other investments of €83.6 million relate to its portfolio of financial assets, out of which €74.9 million of assets are carried at fair value through profit and loss (FVTPL), €3.1 million relate to loans and receivables and €3.0 million are term deposits. The remaining investments relate to available-for-sale investments (€1.2 million) and

investments in equity measured at cost (€1.4 million). Further detail on the investments is set out in Section 7.2;

- Reinsurers share of technical provisions of €20.7 million;
- Other receivables of €7.3 million with the majority of the balance being receivable from related parties, and the Company's intermediate parent; and
- Cash at bank and in hand of €15.6 million.

Total liabilities as at 31 December 2020 amounted to €131.7 million (31 December 2019: €122.1 million), and consist of:

- Total technical provisions of €124.4 million. €68.4 million of the balance relates to long term insurance contracts, €28.7 million to investment contracts with discretionary participation feature, and €26.2 million to investment contracts without discretionary participation feature.
- Deferred tax liability of €1.5 million relating to fair value gains on investments, property tax, and other temporary differences.
- Total payables of €5.2 million, out of which €4.8 million are payables arising out of direct insurance operations (due to policyholders, reinsurers etc); and
- Accruals and deferred income of €0.6 million.

Total equity amounted to €30.2 million as at 31 December 2020. This is made up of €9.2 million share capital, other reserves of €11.9 million, €0.8 million capital redemption reserve and accumulated retained earnings of €8.4 million. The capital redemption reserve relates to the redemption of preference shares, which shares were redeemed during year ended 31 December 2019, but paid during year ended 31 December 2020.

6.2.3 Statement of cash flows

The table below sets out a condensed consolidated statement of cash flows of the Company and its subsidiary LifeStar Health for the financial years ended 31 December 2018, 2019 and 2020. The financial information for the financial years ended 31 December 2019 and 2020 was extracted from the audited consolidated financial statements of the Company.

Statement of cash flow for the year ended 31 December

€000	2018	2019	2020	Total 2018-2020
Cash generated from/(used in) operations				
Net cash flow generated from/(used in) operating activities	4,799	6,253	1,271	12,323
Dividends received	362	632	255	1,249
Interest received	2,033	1,859	1,177	5,069
Tax refund on tax at source	(390)	(236)	681	55
Tax paid on rental income	-	-	(91)	(91)
Net cash generated from/(used in) operating activities	6,805	8,508	3,292	18,605
Cash flows (used in)/generated from investing activities				
Purchase of intangible assets	(62)	(54)	(348)	(464)
Purchase of property, plant and equipment	(16)	(22)	(64)	(102)
Purchase of investments at fair value through profit or loss	(11,850)	(7,034)	(12,445)	(31,330)

Purchase of investments at available-for-sale	(17)	(726)	(323)	(1,066)
Purchase of investments in equity measured at cost	(1,719)	(126)	-	(1,845)
Purchase of term deposits	-	(3,502)	(1,010)	(4,513)
Proceeds on disposal of investments at fair value through profit or loss	10,601	7,972	7,977	26,550
Proceeds on disposal of available-for-sale investments	366	167	474	1,006
Net proceeds from other investments - loans and receivables	(3,010)	(212)	1,942	(1,280)
Proceeds on disposal of term deposits	-	-	1,502	1,502
Net cash (used in)/generated from investing activities	(5,709)	(3,537)	(2,294)	(11,540)
Cash flows generated from financing activities				
Interest on preference shares paid	(34)	-	-	(34)
Payment of preference shares	-	-	(800)	(800)
Net cash generated from financing activities	(34)	-	(800)	(834)
Movement in cash and cash equivalents	1,062	4,971	198	6,231
Cash and cash equivalents at the beginning of year	9,362	10,424	15,395	9,362
Cash and cash equivalents at the end of the year	10,424	15,395	15,593	15,593

During the period 1 January 2018 to 31 December 2020, the Company including its subsidiary LifeStar Health generated total cash from operating activities of €18.6 million.

Between 1 January 2018 and 31 December 2020, the Company acquired financial assets for its investment portfolio of €38.8 million, however disposed of €27.6 million of its investment portfolio. As a result, the majority of €11.5 million of the cash generated from operating activities was used to further increase the Company's investment portfolio.

Financing activities cash flows over the period relate to the payment of interest on its preference shares, as well as the redemption of its preference shares during FY2019, which was paid in FY2020. During 2017, the MFSA adopted a specific dividend restriction policy on the Company. As a result, no dividends have been paid between 1 January 2018 and 31 December 2020.

The Company together with its subsidiary had a total of €15.6 million in cash and cash equivalents as at 31 December 2020.

7. OVERVIEW OF INVESTMENTS HELD BY THE COMPANY

7.1 Overview of investment property portfolio

The Company's investment property comprises offices in Ta' Xbiex, Gzira and Mosta and a retail outlet in Fgura, all of which are rented to third parties on an arms' length basis. The investment property was revalued upwards from €15.5 million as at 31 December 2019 to €17.8 million as at 31 December 2020, with the increase attributable mainly to the offices situated at The Strand, Gzira and the head office in Ta' Xbiex.

7.2 Overview of other investments portfolio

Articles 41(3) and Article 44(2) of Solvency II Directive require insurance undertakings to have an Investment Policy which governs the investment strategy of the Company.

The Company manages its investment portfolio to adequately fund the Company's technical reserves, the solvency capital requirements and surplus assets, contribute to the growth of surplus for the benefit of the shareholders and in the interest of policyholders and beneficiaries.

The Company's investment strategy is to maximize return subject to adhering to the Company's risk appetite and prudent person principle.

The key elements of the investment strategy are to:

- Ensure sufficient levels of liquid assets are held to meet all claims and expenses arising as part of normal business activity both as they fall due and in a stress scenario;
- Manage interest rate risk and liquidity risk over the long time, primarily through matching the non-linked liabilities on a IFRS basis with assets of similar duration, yield and currency;
- Cover the (non-negative) technical provisions, SCR and risk margin, with easily realizable high quality, low volatility, safe assets;
- Limit investment credit risk by investing within the credit rating limits set up in Appendix 1;
- Review residual mismatched interest or credit risk exposure and recommend mitigating measures;
- Subject to the above, choose assets to maximize yields, where possible.

In order to optimize the management of different liabilities and its specific objectives, the asset portfolio has been split in different asset buckets with different strategic asset allocation addressing the specific objectives of each asset bucket. Further analysis of the investment portfolio is set in the following Section, whilst a summary of the investment portfolio by measurement category is set out in the table below:

Overview of investment portfolio

€000	31-Dec-18	31-Dec-19	31-Dec-20
Fair value through profit or loss	65,085	67,144	74,930
Available-for-sale investments	1,019	1,490	1,205
Investments in equity measured at cost	2,250	1,222	1,362
Loans and receivables	4,849	5,267	3,124
Term deposits	-	3,502	3,010
Total investments	73,202	78,626	83,632

As illustrated in the above table, investments measured at fair value through profit or loss ('FVTPL'), account for 89% of investments as at 31 December 2020. The Section below provides an analysis of investments accounted for in this category.

7.2.1 Investments at fair value through profit or loss

As set out below, investments measured at FVTPL principally consist of local and foreign investments in equity securities and units in unit trusts, collective investment schemes, government bonds and corporate bonds. As illustrated below, investments in collective schemes represents 34% of the portfolio as at 31 December 2020, whilst listed shares and government bonds represent 29% and 22% of the portfolio respectively.

Investments at fair value through profit or loss

€000	31-Dec-18	31-Dec-19	31-Dec-20
Equity securities and units in unit trusts:			
Listed shares	16,208	18,839	21,387
Collective investment schemes	940	646	750
	17,148	19,485	22,137
Assets held to cover linked liabilities:			
Collective investment schemes	12,157	18,005	25,400
Debt securities - fixed interest rate:			
Government bonds	19,552	17,533	16,221
Corporate bonds	16,229	12,121	11,173
	35,781	29,655	27,394
Total investments at fair value through profit or loss	65,085	67,144	74,930

Of the €11.2 million corporate bonds held as at 31 December 2020, 17.7% relate to the energy sector, 14.9% relate to the banking sector, whilst the remaining 67.4% relate to various industries, as set out in the table below.

Breakdown of debt securities at FVTPL by industry

€000s	31-Dec-18	31-Dec-19	31-Dec-20
Banks	3,960	2,259	1,662
Energy	2,516	2,635	1,985
Government	19,552	17,533	16,221
Other	9,754	7,227	7,526
	35,781	29,655	27,394

Maturity of fixed income debt securities classified as fair value through profit or loss are summarised below:

Maturity of fixed income debt securities

€000	2018	2019	2020
Within 1 year	4,254	2,828	3,232
Between 1 and 2 years	2,015	2,440	779
Between 2 and 5 years	8,661	5,492	6,092
Over 5 years	20,849	18,894	17,292
	35,781	29,655	27,394

The weighted average effective interest rate at the statement of financial position date was 5% in both 2018 and 2020, but increased to 6% in 2019.

The movements in investments classified as FVTPL for the three-year period are summarised as follows:

Movements in investments measured at FVTPL

€000s	2018	2019	2020
Year ended 31 December			
Balance at 1 January	66,951	65,085	67,144
Additions	11,850	7,034	12,445
Disposals	(10,661)	(7,972)	(7,977)
Net fair value and foreign exchange movements	(3,115)	2,996	3,318
Balance as at 31 December	65,025	67,144	74,930
At 31 December			
Cost	60,633	59,695	64,163
Accumulated fair value and foreign exchange gains	4,452	7,449	10,767
Net book amount	65,085	67,144	74,930

7.3 Return generated on the investment portfolio

Investment performance remains key to the Company's overall profitability, and as set out in the table below, the Company generated an aggregate return of €9.3 million on its total investment portfolio between FY2018 and FY2020 which includes both investment income as well as movements in fair value. Of this, €4.9 million was generated on the Company's investment property whilst €4.4 million was generated on the other investments.

Investment return and fair value movements

€000	FY2018	FY2019	FY2020
Investment income			
Rental income from investment property	580	611	690
Dividends received from:			
- investments at fair value through profit or loss	467	739	227
- available-for-sale investments	19	50	18
Interest receivable from:	-	-	-

- other loans and receivables	458	591	314
- investments at fair value through profit or loss	1,564	1,265	1,096
- available-for-sale investments	11	3	1
Other income	2	37	91
	3,101	3,295	2,437
Investment charges and expenses			
Investment management charges	(127)	(38)	(47)
Amortisation of premium	(60)	-	-
Loans and receivables write off	-	(16)	-
Reversal of impairment/(impairment loss) on non-quoted equity	-	(1,222)	205
	(187)	(1,276)	158
Movement in fair value			
Net fair value gain on investment property	474	498	2,056
Net fair value gain/ (loss) on investment – bonds	(1,801)	1,745	(473)
Net fair value gain/ (loss) on investment – equity and collective investment schemes	(379)	1,540	(1,922)
	(1,707)	3,783	(339)
Total investment return	1,207	5,802	2,256
Allocated as follows:			
Technical profit and loss account	845	4,062	1,579
Non-technical profit and loss account	362	1,741	677

During FY2020, the Company generated investment income of €2.4 million. Of this, €0.7 million relates to rental income from investment property, which based on investment property of €17.8 million as at 31 December 2020 equates to a return of 3.9%. The remaining €1.7 million was generated from the Company's other investments, which based on a portfolio of €83.6 million as at 31 December 2020 equates to a return of 2.1%. Furthermore, due to the pandemic, there was a negative performance of the local and international investment markets on its investment portfolio and as a result, the Company registered a negative fair value movement of €2.4 million on its portfolio.

8. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT OF THE COMPANY

8.1 Directors and Officers

The Memorandum of Association of the Company provides that the business and affairs of the Company shall be managed and administered by a Board of not less than three (3) and not more than nine (9) Directors. Directors of the Company are appointed by means of an ordinary resolution taken in general meeting.

The Company is currently managed by a Board of four (4) Directors who are responsible for the overall direction, management and strategy of the Company. As at the date of this Prospectus, the Board is composed of the following persons:

Name	Designation	Date of Appointment
Paolo Catalfamo	Non-Executive Director & Chairman	11 December 2015
Cristina Casingena	Executive Director	3 September 2018
Joseph C. Schembri	Independent Non-Executive	9 June 2015
Mark Bamber	Independent Non-Executive	23 April 2021

The Board currently consists of one (1) executive Director, who is entrusted with the Company's day-to-day management and three (3) non-executive Directors, the majority of whom are also independent of the Company and the Group. The main functions of the non-executive Directors are to monitor the operations and performance of the executive Director/s, as well as to review any proposals tabled by the executive Director/s. In their capacity as members of the Audit Committee (as described in Section 9.1 below), the non-executive Directors sitting on the Audit Committee also have a crucial role in monitoring the activities and financial performance of the Company.

In addition to the Directors, the senior management of the Company comprises:

Name	Designation
Jonathan Camilleri	Chief Operations Officer
Roberto Apap Bologna	Chief Finance Officer
Adrian Mizzi	Chief Information Officer
Michael Schembri	Head of Legal & Compliance

The business address of the Directors and the senior managers is that of the Company. The *curriculum vitae* of each the Directors and senior managers are set out in Section 8.2 below.

None of the Directors or the senior managers have been: (a) convicted in relation to fraud or fraudulent conduct; (b) made bankrupt or associated with any liquidation or insolvency caused by action of creditors; (c) the subject of any official public incrimination or sanction by

any statutory or regulatory authority; or (d) disqualified by a court from acting as director or manager.

Other than Prof. Catalfamo's indirect interest of 78.1% in the Company through Investar (refer to Section 8.3 below), none of the Directors or senior managers currently hold any Shares or options over Shares directly.

The company secretary of the Company is Dr. Clinton Calleja, holder of Maltese identity card number 210080(M).

8.2 Curriculum Vitae of the Directors and Senior Managers

Directors

Paolo Catalfamo

Apart from being the Company's chairman, Prof. Paolo Catalfamo is the founder of Investar, based in Malta, Luxembourg, Switzerland and the US, and Adjunct Professor at the Villanova University in Philadelphia. He serves as Chairman of LifeStar Holding, LifeStar Health Limited and Chairman of GlobalCapital Financial Management, the latter two being regulated by the Malta Financial Services Authority. He is a board member of Centtrip Ltd, a London-based fintech company regulated by the UK Financial Conduct Authority. Previously, he served as Deputy Chairman and CEO for Italy and Southern Europe of Franklin Templeton, the third largest independent asset management group worldwide.

Joseph C. Schembri

Mr Schembri is a consultant with Baker Tilly Malta. Mr Schembri is a certified public accountant and auditor. He was an audit partner of Joseph Tabone & Co and Senior Partner of KPMG Malta, as well as a board member of the KPMG regional practice specialising in Financial Services. Mr Schembri has also acted for a three-year period as director of EneMalta Corporation and as a member on the Disciplinary Committee of the Malta Institute of Accountants. Mr Schembri was actively involved in the setting up of a KPMG member firm in Libya, acting as risk management principal as well as audit principal for foreign owned oil and gas clients operating in Libya. Mr. Schembri is the chairman of the Audit and risk Committee and he also sits on the Remuneration and Nominations Committees of the Board.

Cristina Casingena

Mrs Casingena is the Chief Executive Officer and a director of the Company. She is an actuary by profession with 25 years' experience in the life insurance industry. Before joining LifeStar Insurance, Mrs Casingena worked for nine years with HSBC Life Assurance (Malta) Ltd where she had different roles including Head of Asset-Liability Management, Solvency II lead, Head of Business Management and Chief Investment Officer. Mrs Casingena worked also in the Romanian life insurance market where she held various actuarial roles. She graduated from the West University of Timisoara, Romania, Faculty of Mathematics and she has a Masters in Actuarial Science from the Academy of Economic Studies, Bucharest, Romania. Mrs.

Casingena is actively involved in the local actuarial community and she is currently the President of the Malta Actuarial Society.

Mark Bamber

Mr Bamber is a mature and experienced professional. He is a qualified and highly experienced econometrician, and holds a long track record as an entrepreneurial business advisor. He held several senior positions in KPMG over two decades, and was a partner of the firm in Malta and overseas for over fifteen years. Mr Bamber has advised multiple entities in the public and private sectors on diverse business issues. Mr Bamber brings banking experience and familiarity with prudential and supervisory regulation. Mr Bamber holds a Bachelor's degree in Business Management from the University of Malta, a Master of Science in Financial Economics from the University of London, UK and a Masters in Business Administration from the Henley Management College & Brunel University, UK.

Senior Managers

Jonathan Camilleri

Mr Camilleri is the Group Chief Operations Officer. Having worked in the Insurance Industry since October 2006, Mr Camilleri has a wealth of experience, acquired through occupying the role of Life Operations Manager for LifeStar Insurance as well as Managing Director & Bupa Branch Manager for the LifeStar Health. Before joining the Company, Mr Camilleri worked for a composite Insurance Company authorised by the MFSA for eight years where he held various posts, including that of Manager of the Life Department. Mr Camilleri holds a Bachelor's degree in Banking & Finance and Management and a Master's in Business Administration, both from the University of Malta.

Roberto Apap Bologna

Mr Apap Bologna is the Group Chief Financial Officer. Mr Apap Bologna joined the company on 01 October 2020 to head the Finance Function of the Group. His main areas of responsibility include the co-ordination of regulatory reporting of financial information relating to the various group entities.

Before joining LifeStar, Mr Apap Bologna held various senior financial positions with one of Malta's leading financial institutions. He then headed the Finance function of a local composite insurance company. Mr Apap Bologna holds a B. Accountancy (Hons) degree from the University of Malta and is also an Associate of the Chartered Institute of Bankers. He is a Certified Public Accountant and a member of the Malta Institute of Accountants.

Adrian Mizzi

Mr Mizzi is the Group Chief Information Officer and is responsible for the IT aspects of the Group. Previously he was a Director at a Big 4 firm and headed the IT Advisory division. He is a seasoned IT professional who has worked extensively in the strategy formulation and management of information technology. As a senior IT leader, he was involved with numerous organisations in various industries where he helped them to apply IT for cost

reduction, competitive advantage and compliance requirements. Mr Mizzi was involved in setting up the IT operations of two of the three mobile operators in Malta. Mr Mizzi holds an engineering warrant and an MBA with distinction from the University of Malta.

Michael Schembri

Mr Schembri is presently the Group Head of Compliance & Legal Department. He joined the Group in 2015 moving in from a compliance position with a US based Forex Broker in Malta and a previous stint with GlobalCapital in 2011. Previously, Mr Schembri worked with two local banks, starting off his career as a pupil worker with Mid Med Bank Limited and then moving on to Bank of Valletta p.l.c., where he graduated in Financial Services and completed a Masters in Business Administration, both through Universities in the UK. He has also obtained distinctions in a compliance diploma approved by the local regulator and certificates in Anti Money Laundering and Financial Crime Combat through the International Compliance Association of the UK.

8.3 Conflicts of Interest

Apart from serving as a director and chairman of LifeStar Holding, LifeStar Health Limited and GlobalCapital Financial Management, Prof. Paolo Catalfamo is also a director and holds all (except for one) of the shares in Investar, which as at the date of this Prospectus (a) indirectly holds 78.1% of the Company's Shares (through its shareholding in LifeStar Holding) and (b) holds one (1) Share directly. Accordingly, Prof. Catalfamo may be subject to potential conflicts of interests between his interest in Investar, his position as a Director of LifeStar Holding and his position as a Director of the Company.

Furthermore, Mr Joseph Schembri sits on the board of directors of LifeStar Holding and is the chairman of the Company's Audit Committee. Accordingly, Mr. Schembri may also be subject to potential conflicts of interest between his position as a Director of LifeStar Holding and his position as a Director of the Company.

The Audit Committee of the Company has the task of ensuring that any potential conflicts of interest that might arise pursuant to these different roles held by the Directors are handled in the best interest of the Company and according to law. The fact that the Audit Committee is constituted in its entirety by independent, non-executive Directors, as stated in Section 9.1, provides an effective measure to ensure that related party transactions (that will be vetted by the Audit Committee) have been entered into on an arms-length basis. Potential conflicts of interest situations regarding Board members are specifically regulated by the Companies Act and by Articles 138 - 139 of the Articles of Association, pursuant to which a Director is required to declare his interest in and shall be precluded from voting on any such contract, arrangement, transaction or proposal that is being discussed by the Board.

Other than as stated in this Section 8.3, so far as the Company is aware, no other Director of the Company has an interest, conflicting or otherwise, material to the Bond Issue.

9. BOARD COMMITTEES & CORPORATE GOVERNANCE

The Board has established an Audit and Risk Committee, a Remuneration Committee, and a Nomination Committee.

9.1 Audit and Risk Committee

The Audit and Risk Committee (“**Audit Committee**”) assists the Board in fulfilling its supervisory and monitoring responsibilities, according to detailed terms of reference that reflect the requirements of the Listing Rules as well as current good corporate governance best practices. The terms of reference of the Audit Committee established by the Board establish its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with.

The Audit Committee, which meets at least four times a year, is a sub-committee of the Board and is directly responsible and accountable to the Board.

The primary purpose of the Audit Committee is to assist the Directors in conducting their role effectively so that the Company’s decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

The members of the Audit Committee as the date of this Prospectus are the following:

Joseph Schembri (Chairman)
Mark Bamber (Member)

The Audit Committee is constituted in its entirety by independent non-executive Directors (each of whom satisfies the independence criteria set out in the Listing Rules). In accordance with the Listing Rules, the member/s of the Audit Committee that is/are designated as competent in auditing and/or accounting is/are Joseph C. Schembri, who is also the chairman of the Audit Committee.

Until 27 April 2021, the Company’s Audit Committee was composed of 3 members, being Mr Joseph Schembri, Mr Mark Bamber, and Mr Nicolas Hornby Taylor. However, due to the demise of Mr Hornby Taylor on 27 April 2021, the Company’s Audit Committee is currently composed of 2 members. The Company is making every effort to appoint another Audit Committee member as soon as possible.

9.2 Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee, which performs the functions of a remuneration committee and of a nomination committee (in each case in compliance with the requirements of the Corporate Governance Code).

The Remuneration and Nomination Committee is composed of the following members:

Mark Bamber (Chairman)
Joseph Schembri (Member)

Remuneration Function

The Remuneration and Nomination Committee monitors, reviews, and advises on the Company's remuneration policy as well as approves the remuneration packages of senior executives and management. The main activities of the Remuneration and Nomination Committee include devising appropriate policies and remuneration packages to attract, retain, and motivate Directors and senior management of a high calibre in order to well position the Company and LifeStar Health within the insurance market and its areas of business.

At the end of every financial year, the Remuneration and Nomination Committee will draw up a report which will be included in the Company's Annual Report. A performance management system has been implemented across the Group. This system is intended to (a) enhance the existing systems used to define key performance indicators and (b) improve the assessment of performance of the Company's employees including members of senior management.

Nomination Function

The Remuneration and Nomination Committee is responsible for making recommendations for appointment to the Board and for reviewing in order to ensure that appointments to the Boards are conducted in a systematic, objective and consistent manner. It is also responsible for the review of performance of the Company's Board members and committees, the appointment of senior executives and management and the development of a succession plan for senior executives and management. Additionally, this committee monitors, reviews and advises on the Company's remuneration policy as well as approves the remuneration packages of senior executives and management.

9.3 Other Management Committees

The Company has also established a number of other committees as described below.

Executive Committee (EXCO)

The Company's EXCO operates as a direct management committee under the authority of the Board and is responsible for the overall delivery of the Company's strategy.

EXCO also acts as Product and Pricing Committee with the prime responsibility of approving and overseeing the implementation of new products, new terms for new and existing products and marketing campaigns. The EXCO is also tasked with the approval and oversight of the performance of all products and with ensuring that products, product designs and product distribution are aligned with their intended target market and with the identified customers' needs.

EXCO meets at least ten times a year and executes the first line management responsibilities.

The EXCO is composed of Cristina Casingena (CEO); Roberto Apap Bologna (CFO), Jonathan Camilleri (Chief Operations Officer), Adrian Mizzi (Chief Information Officer), Chris Chetcuti (Head of Sales), Jonathan Portelli (Life Operations Manager), Rebeca Alexiu (Product Manager), Enrico Depasquale (Compliance Manager), Dimitris Dimitriou (Risk Manager – Deloitte Cyprus) and Maria Michaelides (Actuarial Function – Deloitte Cyprus).

Asset and Liability Committee (ALCO)

ALCO's primary responsibilities are to report and advise the Board on all matters pertaining to the balance sheet (asset and liabilities) and investments of the Company's monies. ALCO is also responsible for managing balance sheets, associated risks and earnings (economic, IFRS) and capital levels to achieve performance objectives within prescribed risk parameters.

ALCO reviews and submits to the Board for approval the Company's investment policy on an annual basis and ensures that the investments of the Company are in compliance with the prudent person principle as directed by the article 132 of the Solvency II Directive.

ALCO monitors the investment performance of the Company on a regular basis and ensures that an appropriate governance framework is in place for the appointment and monitoring of the activity of external or internal asset managers. ALCO has the oversight responsibility of any outsourced investment management arrangement.

ALCO meets at least quarterly and executes the first line management responsibilities.

The ALCO is composed of Cristina Casingena (CEO), Roberto Apap Bologna (CFO), Konrad Camilleri (Investment Manager), Keith Huber (Independent Investment Advisor), Enrico Depasquale (Compliance Manager), Dimitris Dimitriou (Risk Manager – Deloitte Cyprus), and Maria Michaelides (Actuarial Function – Deloitte Cyprus).

Risk Management Committee (RMC)

RMC operates as a direct management committee under the authority of the Board and is responsible for the overall enterprise-wide management of all risk within the Company or impacting the Company.

RMC is responsible for the ongoing monitoring, assessment, reporting and management of the risk environment and the effectiveness of the risk management framework.

RMC meets at least quarterly and executes the second line of defense responsibilities.

The RMC is composed of Cristina Casingena (CEO), Roberto Apap Bologna (CFO), Jonathan Camilleri (Chief Operations Officer), Dimitris Dimitriou (Risk Manager – Deloitte Cyprus) Maria Michaelides (Actuarial Function – Deloitte Cyprus) and Enrico Depasquale (Compliance Manager).

9.4 Compliance with Corporate Governance Requirements

The Company declares its full support for the Corporate Governance Code and undertakes to fully comply with it. The Company shall also, on an annual basis in its annual report, detail the level of the Company's compliance with the principles of the Corporate Governance Code, explaining the reasons for non-compliance, if any. The Company is currently reviewing its Corporate Governance policies to ensure that it is compliant with the Corporate Governance Code.

10. MAJOR SHAREHOLDER

As at the date of this Prospectus, the Company's issued share capital is €9,169,867.99, divided into 64,814,817 Shares of €0.1414779585 each (all fully paid up), with 64,814,801 Shares held by LifeStar Holding. LifeStar Holding is a public company listed on the Official List and principally serves as a holding and investment company. LifeStar Holding does not itself undertake any trading activities.

Based on the information currently available to the Company, those shareholders who hold, directly or indirectly, more than 5% of the Company's shares as of the date of this Prospectus (and the percentage of their respective shareholdings) are:

- Investar – 78.1%
- Rizzo Farrugia & Co (Stockbrokers) Ltd (registration number C13102) (as nominee for clients' accounts) – 10.11%

On the basis of LifeStar Holding's most recent annual report, as filed with the Malta Business Registry and the MSE (and available at <https://lifestarholding.com/investor-relations/>), Prof. Paolo Catalfamo is the ultimate controller of LifeStar Holding, by virtue of his ownership of 99.99% of the issued share capital of Investar, which in turn is the major shareholder of LifeStar Holding, holding approximately 78.1% of LifeStar Holding's share capital. As a result, the Company could be deemed to be indirectly controlled by Prof. Catalfamo.

A diagram of the structure of the Group can be found in Section 4.2.

The shareholding and, or shareholding percentages indicated above may change subsequent to the date of this Prospectus depending on the outcome of the Share Offer and the Exchange Offer.

As announced in a company announcement published by LifeStar Holding on 7 September 2020 and in the Share Prospectus, following the Share Offer and the Exchange Offer, LifeStar Holding intends to de-list the LSH Shares.

LifeStar Holding, as a company with its shares listed on the Official List, has to date complied with and continues to comply with the Corporate Governance Code with a view to ensuring that the relationship with any major shareholders, including Investar, and the rest of the Group

remains at arm's length, including adherence to rules on related party transactions that require the sanction of the LifeStar Holding's audit committee, which is constituted in its entirety by independent, non-executive Directors. LifeStar Holding's audit committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of LifeStar Holding. The composition of LifeStar Holding's board of directors, composed entirely of non-executive directors and the majority of whom are independent, also minimises the possibility of any abuse of control by any major shareholder.

The Company intends to adopt the same measures described above in line with the Corporate Governance Code, with a view to ensuring that the relationship with LifeStar Holding and, or Investar remains at arm's length. This includes adherence to rules on related party transactions that require the sanction of the Company's Audit Committee, which is also constituted in its entirety by independent, non-executive Directors. The fact that the majority of the Board is composed of independent non-executive Directors further minimises the possibility of any abuse of control by any major shareholder.

To the best of the Company's knowledge, there are no arrangements in place as at the date of the Prospectus the operation of which may, at a subsequent date, result in a change in control of the Company.

11. MATERIAL CONTRACTS

The following material contract has been entered into otherwise than in the course of ordinary business by the Company:

The Company has entered into a credit facility agreement dated 5th May 2021 with LifeStar Holding (the "**Credit Facility Agreement**") pursuant to which the Company has agreed, subject to the prior approval of the MFSA, to make available to LifeStar Holding a credit facility of an amount equivalent to the proceeds raised through the Bonds Issue (up to €13,000,000) solely for the purpose of: (i) funding the redemption of the LSH Bonds (in the event of a shortfall in the net proceeds raised by LifeStar Holding from the Share Offer); and (ii) in the event that the LSH Bonds are redeemed in full, to repay the BOV MDB Covid-19 Assist Loan. In terms of the Credit Facility Agreement, interest on the principal amount outstanding from time to time under the Credit Facility Agreement shall accrue at the rate of 4.5% per annum and shall be payable on 2nd June of each year for so long as the Credit Facility Agreement shall remain in force. The Credit Facility Agreement has been entered into for a period of 10 years expiring on 5th May 2031.

Other than the BOV Guarantee Agreement (as set out in Section 5.1.1) and the Credit Facility Agreement (as set out in this Section 11), neither the Company nor any of the other companies forming part of the Group is party to any contract, not being a contract entered into in the respective company's ordinary course of business, giving rise to an obligation or entitlement which is material to the Group as at the date of the Prospectus.

12. ADDITIONAL INFORMATION

12.1 Share Capital

As at the date of this Prospectus, the Company's authorised share capital is €50,000,000, divided into 353,411,942 Shares of €0.1414779585 each. The Company's issued share capital is €9,169,867.99, divided into 64,814,817 Shares of €0.1414779585 each, all fully paid up and held as follows:

- 64,814,801 Shares held by LifeStar Holding; and
- 16 Shares held by Investar

12.2 Memorandum and Articles of Association of the Company

Objects

The principal objects of the Company are set out in clause 4 of the Memorandum of Association, which are, in summary, to carry on the business of an insurance company. A copy of the Memorandum and Articles of Association is available for inspection as set out in Section 18 of this Prospectus.

Share Rights

All Shares in the Company rank *pari passu* amongst themselves. In this respect, each Share carries one (1) vote and Shareholders are entitled to (a) receive notice of, attend and vote at general meetings of the Company; (b) participate in any dividend or other distributions of profits of the Company; and (c) a return of the nominal value of their Shares upon liquidation, and to participate in any surplus distribution.

12.3 Legal and arbitration proceedings

There have not been any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) during the twelve (12) months prior to the date of this Prospectus that may have or have had a significant effect on the Company's and/or the Group's financial position or profitability.

13. USE OF PROCEEDS AND OTHER KEY INFORMATION

13.1 Use of Proceeds

The net proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €9,700,000 (or €12,700,000 in the event of the exercise of the Over-allotment Option in full by the Company), shall be used for the purpose of strengthening the capital base and the SCR of the Company to support its future growth and for general corporate purposes.

Under its general corporate purposes, the Company will be providing a credit facility to LifeStar Holding of up to €13,000,000 under the Credit Facility Agreement dated 5th May 2021 entered into by the Company with LifeStar Holding (as set out in Section 11 above). The credit facility provided by the Company to LifeStar Holding under the Credit Facility Agreement is to be used solely for the following purpose and in the order of priority set out below:

- (i) funding the redemption of the LSH Bonds (in the event of a shortfall in the net proceeds raised by LifeStar Holding from the Share Offer); and
- (ii) in the event that the LSH Bonds are redeemed in full, to repay the BOV MDB Covid-19 Assist Loan.

In the event that the Bond Issue is subscribed for an amount of less than €5,000,000 (the “**Minimum Amount**”), no allotment of the Bonds shall be made, the subscription of Bonds shall be deemed not to have been accepted by the Company and all money received from Applicants shall be returned by the Company acting through the Registrar, without interest, by direct credit transfer to the respective Applicant to the account number indicated on the respective Application Form by latest 31st May 2021. Neither the Company nor the Registrar will be responsible for any charges, loss or delays in transmission of the refunds. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

In the event that the Minimum Amount is reached but the Bond Issue is not fully subscribed, the Company will proceed with the listing of the amount of Bonds subscribed for and shall apply the net proceeds received in the manner and order of priority set out above.

13.2 Estimated Expenses and Proceeds of the Bond Issue

The Bond Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred in connection with this Bond Issue. Such expenses are estimated not to exceed €300,000, and shall be borne by the Company. The amount of the expenses will be deducted from the proceeds of the Bond Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €9,700,000 (or €12,700,000 in the

event of exercise of the Over-allotment Option in full by the Company). There is no particular order of priority with respect to such expenses.

13.3 Overview of the Bond Issue

The following is a brief overview of certain terms and conditions of the Bond Issue and of the Bonds. For a full description of the terms and conditions of the Bond Issue and of the Bonds, this Section 13 should be read in conjunction with the rest of this Prospectus, particularly Section 14 (*Terms and Conditions of the Bond Issue*) and Section 15 (*Terms and Conditions of the Bonds*). Any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole.

Securities:	Unsecured subordinated callable bonds;
Amount:	€10,000,000, subject to the Over-allotment Option described below;
Over-allotment Option:	at the sole and absolute discretion of the Company, additional Bonds up to €3,000,000 in value issued at par, may be issued to cover any outstanding Applications in the event of over-subscription;
Nominal Value:	€100 per Bond;
Denomination:	Euro (€);
ISIN:	MT0002531201;
Bond Issue Price:	At Nominal Value (€100 per Bond);
Minimum Amount	Should subscriptions for a total of at least €5,000,000 (the “ Minimum Amount ”) not be received, no allotment of Bonds shall be made, the Applications for Bonds shall be deemed not have been accepted by the Company and all money received from Applicants for Bonds shall be refunded accordingly;
Minimum Subscription Amount	Minimum of €5,000 and multiples of €100 thereafter;
Transferability:	The Bonds shall be freely transferable;
Plan of Distribution:	Applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries. The Bonds are open for subscription by: <ol style="list-style-type: none"> 1) Preferred Applicants; and 2) Authorised Intermediaries and the general public through the Intermediaries’ Offer in respect of any balance of the Bonds not subscribed to by Preferred Applicants;
Issue Date:	2 nd June 2021;
Interest:	4%;

Interest Payment Date:	2 nd June of each year (including 2 nd June 2022, being the first interest payment date) and the Maturity Date (or if any such date is not a Business Day, the next following day that is a Business Day);
Maturity Date	2 nd June 2031, or in the event of an early redemption, any Early Redemption Date. Provided that where the conditions set out in Section 15.11.1 of this Prospectus are not met, redemption may be delayed beyond the Maturity Date, for an indefinite period of time;
Early Redemption Dates:	Each of the fifth, sixth, seventh, eighth, and ninth anniversaries of the Issue Date, subject to MFSA approval and subject to the Company giving the Bondholders at least sixty (60) days' notice in writing;
Redemption Amount:	Nominal Value together with accrued and unpaid interest up to the relevant Early Redemption Date or Maturity Date, as applicable;
Listing:	The Listing Authority has approved the Bonds for admissibility to listing and subsequent trading on the Official List of the MSE. An application has been made to the MSE for the Bonds to be listed and traded on the Official List;
Form:	The Bonds will be issued in fully registered and dematerialised form and represented in uncertificated form by the appropriate entry in the CSD Register;
Status:	The Bonds (their repayment and the payment of interest thereon) shall constitute the general, direct, subordinated, unsecured and unconditional obligations of the Company to the Bondholders, and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves;
Limited Recourse Obligations:	There will be no events of default in respect of the Bonds. In the event of a Winding-Up of the Company the Bonds shall, when permitted by applicable law, become immediately due and payable at their Nominal Value together with interest accrued up to the date of repayment, if any, in accordance with the ranking established by law only if the payment of the relevant amount would not itself cause the insolvency of the Company or accelerate the process of the Company becoming insolvent;
Underwriting:	The Bond Issue will not be underwritten;
Governing Law of the Bonds:	Maltese law;
Jurisdiction:	The Maltese Courts.

13.4 Interests of Persons Involved in the Bond Issue

Other than the possible subscription for Bonds by Authorised Intermediaries (which includes the Sponsor) and any fees payable to the various professional advisors and service providers in connection with the Bond Issue, the Company is not aware of any person involved in the Bond Issue that has a material interest in the Bond Issue.

14. TERMS AND CONDITIONS OF THE BOND ISSUE

14.1 Expected Timetable of the Bond Issue

5 th May 2021	Suspension of trading in LSH Bonds
6 th May 2021	Prospectus Date
7 th May 2021	Cut-Off Date
10 th May 2021	Bond Application Forms sent to Preferred Applicants
10 th May 2021	Bond Application Forms made available
10 th May 2021	Bond Offer Opening Date
19 th May 2021	Bond Offer Closing Date
21 st May 2021	Intermediaries' Offer Date*
25 th May 2021	Announcement of basis of acceptance
31 st May 2021	Refund of unallocated monies (if applicable) and dispatch of allotment letters
31 st May 2021	Expected date of admission of the Bonds to listing
2 nd June 2021	Expected date of commencement of trading in the Bonds
2 nd June 2021	Commencement of Interest on the Bonds

**In the event that the total value of Applications received from Preferred Applicants exceeds €13,000,000, the Intermediaries' Offer will not take place.*

14.2 General Information

The Bond Issue, the listing of the Bonds on the Official List and the publication of the Prospectus were authorised by a resolution of the Board passed on 28th April 2021.

Each Bond forms part of a duly authorised issue of 4% subordinated unsecured Bonds of a nominal value of €100 per Bond issued by the Company at par up to the principal amount of €10,000,000 (or €13,000,000 in the event of exercise of Over-allotment Option). The Issue Date of the Bonds is expected on 2nd June 2021.

In the event that during the Offer Period the Company receives applications for Bonds in excess of the combined aggregate principal amount of the equivalent of €10,000,000, the Company, at its option, may increase the issue of the Bonds by the equivalent of an additional €3,000,000 (the “**Over-allotment Option**”).

The currency of the Bonds is Euro (€).

Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0002531201.

Unless previously purchased and cancelled or redeemed on any of the Early Redemption Dates, the Bonds shall be redeemable at par on the Maturity Date.

The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.

The Bond Issue is not underwritten. Should subscriptions for a total of at least €5,000,000 (the “**Minimum Amount**”) not be received, no allotment of the Bonds shall be made, the subscription of Bonds shall be deemed not to have been accepted by the Company, and all money received from Applicants shall be returned by the Company acting through the Registrar, without interest, by direct credit transfer to the respective Applicant to the account number indicated on the respective Application Form by latest 31st May 2021. In the event that the Bond Issue is not fully subscribed the Company will proceed with the listing of the amount of Bonds subscribed for.

The minimum subscription amount of Bonds that can be subscribed for by Applicants is €5,000 and in multiples of €100 thereafter.

In the event that Preferred Applicants applying for Bonds have not been allocated any Bonds or have been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest by direct credit into the Applicant’s bank account as indicated by the Applicant in the Application Form within five (5) Business Days from the date of announcement of basis of acceptance. The Company shall not be responsible for any charges, loss or delays in transmission of the refunds. In this regard, any monies returnable to Applicants may be retained pending clearance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Cap. 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Any balance of the Bonds not subscribed to by Preferred Applicants shall be offered for subscription by Authorised Intermediaries participating through an Intermediaries’ Offer. In this eventuality, Authorised Intermediaries need to submit completed subscription agreements indicating the number of Bonds they are interested to subscribe for by latest 21st May 2021 at 12:00 hours CET. The Company will communicate the number of Bonds each Authorised Intermediary has been allocated in terms of the respective subscription agreement by latest on 25th May 2021.

In the event that the amount available for subscription by the Authorised Intermediaries pursuant to the Intermediaries’ Offer is over-subscribed, the unsatisfied excess amount of such subscriptions will be returned by direct credit transfer to the account number pertaining to the Authorised Intermediary indicated on the respective subscription agreement within five (5) Business Days from the date of final allocation.

14.3 Terms and Conditions of the Application

Applications by LSH Bondholders

- 14.3.1.** The consideration payable by LSH Bondholders applying for LSI Bonds may be settled by the transfer to the Company of all or part of the LSH Bonds held by such Applicant as at the Cut-off Date, subject to a minimum application of €5,000, which transfer shall be effected at the par value of the LSH Bonds (the “**LSH Bond Exchange**”). Any LSH Bondholders whose holding in LSH Bonds is less than €5,000 shall be required to pay the difference either through a bank transfer, or in cash or by cheque (the “**Cash Top-Up**”).
- 14.3.2.** Applications for subscription of the Bonds by LSH Bondholders electing to subscribe for LSI Bonds through LSH Bond Exchange shall be made by completing Application Form A and submitting it to an Authorised Intermediary.
- 14.3.3.** LSH Bondholders electing to subscribe for LSI Bonds through LSH Bond Exchange shall be allocated LSI Bonds for the corresponding nominal value of LSH Bonds transferred to the Company (including Cash Top-Up, where applicable). Subject to sub-section 14.3.4 below, upon the transfer of LSH Bonds to the Company in consideration for the issue and allotment of LSI Bonds, the LSH Bondholders shall no longer have an interest in the LSH Bonds and consequently shall have no contractual relationship with LifeStar Holding with respect to such LSH Bonds.
- 14.3.4.** LSI Bonds applied for by LSH Bondholders by way of the LSH Bond Exchange shall be allocated prior to any other allocation of LSI Bonds.
- 14.3.5.** An LSH Bond Exchange shall be without prejudice to the rights of LSH Bondholders to receive interest on the LSH Bonds up to but excluding 02nd June 2021.
- 14.3.6.** All Applications for the subscription of LSI Bonds by LSH Bondholders by means of the LSH Bond Exchange must be submitted to any Authorised Intermediary by 15:00 hours CET of 19th May 2021.
- 14.3.7.** Payment by Applicants of the Cash Top-Up referred to in sub-section 14.3.1 above, and the full price of the additional LSI Bonds applied for referred to in sub-section 14.3.10 below, shall be made in Euro and in cleared funds at the Bond Issue Price, either through a bank transfer, or in cash or by cheque payable to the respective Authorised Intermediary.
- 14.3.8.** LSH Bondholders subscribing for LSI Bonds by means of LSH Bond Exchange are, in virtue of such subscription, confirming:
- i. that all or part (as the case may be) of the LSH Bonds held by the Applicant on the Cut-off Date are being transferred to the Company, together with the payment due in respect of any Cash Top-Up, as and if applicable;

- ii. that the Application Form A constitutes the Applicant's irrevocable mandate to the Company to:
 - a. cause the transfer of the said Existing Bonds in the Company's name in consideration of the issue of Bonds; and
 - b. engage, at the Company's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said LSH Bonds in the Company and fully and effectively vest title in the appropriate number of Bonds in the Applicant;
- iii. that in respect of the payment of the Cash Top-Up in terms of sub-section 14.3.1 above and, or the exercise of the option to subscribe to additional Bonds set out in sub-section 14.3.10 below, the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Company shall reserve the right to invalidate the relative Application, and furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the Company (which acceptance shall be made in the Company's absolute discretion and may be on the basis that the Applicant indemnifies the Company against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).

14.3.9. Where the Applicant is the holder of LSH Bonds which as at the Cut-off Date are held subject to usufruct, the signatures of both the bare owner and the usufructuary will be required in the Application Form A.

14.3.10. In addition to the aforesaid, LSH Bondholders transferring all of the LSH Bonds held by them as at the Cut-off Date pursuant to sub-section 14.3.2 above may apply for an amount of LSI Bonds in excess of the amount of LSH Bonds being transferred by LSH Bond Exchange. In such case, LSH Bondholders may subscribe for additional Bonds, in multiples of €100, by completing the appropriate section of the Application Form A.

LSH Bondholders shall have priority in the allocation of LSI Bonds solely with respect to that number of LSI Bonds for which payment is being made by means of an LSH Bond Exchange, subject to a Cash-Top Up, as and if applicable.

In the event that LSH Bondholders apply for LSI Bonds other than by LSH Bond Exchange, no guarantee of allocation shall arise with respect to the LSI Bonds applied for but such LSI Bonds shall, together with Applications from Eligible Shareholders, Group Employees and, or LifeStar Policyholders as set out in sub-section 14.3.11 below, be subject to an allocation policy, without priority or preference between them, as shall be determined by the Company in accordance with sub-section 14.6 of this Prospectus.

14.3.11. Holders of LSH Bonds as at the Cut-off Date who do not elect to avail themselves of the possibility to exchange their investment in terms of the procedure outlined in this sub-section 14.3.1 to 14.3.10 shall receive all capital and accrued interest (up to but excluding 02 June 2021) on 02 June 2021.

Applications by Eligible Shareholders, Group Employees and, or LifeStar Policyholders

14.3.12. The balance of the Bonds not subscribed for by LSH Bondholders limitedly by means of a LSH Bond Exchange, as contemplated in sub-section 14.3.1 above, shall be made available for subscription, *pari passu* without priority or preference between them to: (A) LSH Bondholders in respect of any number of LSI Bonds applied for other than by LSH Bond Exchange exceeding in value the aggregate nominal value of LSH Bonds held by them as at the Cut-Off Date, including Cash Top-Up (where applicable), as outlined in sub-section 14.3.1 above; (B) Eligible Shareholders; (C) Group Employees; and (D) LifeStar Policyholders.

14.3.13. Applications for subscription of Bonds by Eligible Shareholders, Group Employees and, or LifeStar Policyholders shall be made by completing Application Form B and submitting it to an Authorised Intermediary till 15:00 hours CET of 19th May 2021.

Intermediaries' Offer

14.3.14. Any balance of the Bonds not subscribed to by LSH Bondholders, by Eligible Shareholders, Group Employees and, or LifeStar Policyholders, as the case may be, shall be offered for subscription by Authorised Intermediaries participating in the Intermediaries' Offer. Any subscriptions received during the Intermediaries' Offer shall be subject to the same terms and conditions as those applicable to Applications by LSH Bondholders, by Eligible Shareholders, Group Employees and, or LifeStar Policyholders, but limited to any remaining balance of Bonds after fully allocating the Bonds applied for under Application Forms A and B, respectively.

The Issuer shall enter into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of the resultant balance of Bonds.

In terms of each subscription agreement entered into with an Authorised Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Intermediary will bind itself to subscribe for, up to the total amount of Bonds as indicated therein, subject to the Bonds being admitted to trading on the Official List. The subscription agreements, which will be subject to the terms and conditions of the Prospectus, will become binding on each of the Issuer and the respective Authorised Intermediaries upon delivery, provided that these intermediaries would have paid to the Registrar all subscription proceeds in cleared funds on delivery of the subscription agreement.

14.3.15. Authorised Intermediaries applying for Bonds may do so for their own account or for the account of underlying customers, including retail customers. The minimum which

each Authorised Intermediary may apply for in terms of the applicable subscription agreement is €5,000 and in multiples of €100 thereafter and such minimum and multiples shall also apply to each underlying Applicant.

In this eventuality, Authorised Intermediaries need to submit completed subscription agreements indicating the number of Bonds they are interested to subscribe for by latest 12:00hours CET on 21st May 2021. The Issuer, acting through the Registrar, will communicate the number of Bonds each Authorised Intermediary has been allocated in terms of the respective subscription agreement by latest on 25th May 2021.

14.4 Suitability

The Bonds are complex investment products and may not be suitable for all recipients of this Prospectus. An investment in the Bonds (by any Applicants including an Applicant which is an LSH Bondholder participating in the LSH Bond Exchange) is suitable for investors who have a high tolerance to risk and with a holding period of not less than 5 years and up to an indefinite period of time in the event that the redemption of the Bonds is delayed beyond Maturity Date. An investment in the Bonds is not suitable for investors who are risk averse or have no risk tolerance. Authorised Intermediaries shall distribute the Bonds to Retail Clients and/or Elective Professional Clients on an advisory basis or discretionary portfolio management basis only. The referred Authorised Intermediaries are therefore required to conduct a Suitability Test in respect of Applicants that qualify as Retail Clients and, or Elective Professional Clients. This requirement shall also be applicable with regard to secondary trading.

The Authorised Intermediaries have to be satisfied that based on the outcome of the Suitability Test, the Bond/s is/are suitable for the Applicant. In this context, the Authorised Intermediaries are expected to assess that the risk profile of the Bond/s as detailed in this Prospectus fits within the Applicant's risk profile and risk of bearing economic losses.

This requirement does not apply to Applicants that qualify as "Per Se Professional Clients" or "Eligible Counterparties".

For the purpose of this Prospectus, the term "**Suitability Test**" means the process through which an Authorised Intermediary obtains such information from the Applicant or prospective transferee as is necessary to enable the Authorised Intermediary to recommend to or, in the case of portfolio management, to effect for the Applicant or prospective transferee the investment service in the Bonds that are considered suitable for him/her, in accordance with the Conduct of Business Rulebook. The information obtained pursuant to this test must be such as to enable the Authorised Intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria:

- a) it meets the investment objectives (including risk tolerance) of the Applicant or prospective transferee;
- b) it is such that the Applicant is able financially to bear any related investment risks consistent with investment objectives of such Applicant or prospective transferee; and
- c) it is such that the Applicant or prospective transferee has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio.

14.5 Plan of Distribution and Allotment

The Bonds will be distributed by Authorised Intermediaries and are open for subscription by:

- a) LSH Bondholders who may apply for Bonds and settle the consideration due by the transfer to the Company of all or part of the LSH Bonds held by such Application as at the Cut-Off Date, and subject to any Cash Top-Up as and if applicable, by submitting an Application Form A to Authorised Intermediaries;
- b) LSH Bondholders shall also have the option to apply for Bonds in excess of their respective holding in LSH Bonds as at the Cut-Off Date (including Cash Top-Up, as and if applicable) by completion of the appropriate section of Application Form A and submitting such application form to Authorised Intermediaries;
- c) Eligible Shareholders, Group Employees and LifeStar Policyholders, without priority or preference between them, by submitting the appropriate application form to Authorised Intermediaries;
- d) Authorised Intermediaries through an Intermediaries' Offer in respect of any balance of Bonds not subscribed to by Preferred Applicants referred to in (a) to (c).

The minimum subscription amount of Bonds that can be subscribed for by Applicants is €5,000 and subscription amounts shall be in multiples of €100. Subscriptions may be made through any of the Authorised Intermediaries listed in Annex C of this Prospectus.

It is expected that an allotment letter will be issued by the Company to Applicants by latest 31st May 2021. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the Laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List of the Malta Stock Exchange.

14.6 Allocation Policy

The Company shall allocate the Bonds on the basis of the following policy and order of priority:

- a) first to LSH Bondholders to the extent of their holdings of the LSH Bonds at the Cut - off Date having applied for Bonds by way of LSH Bond Exchange in accordance with sub-section 14.3.1 above;
- b) the balance of the Bonds not subscribed for by the LSH Bondholders by means of an LSH Bond Exchange (and subject to any Cash Top-Up as and if applicable), shall be made available for subscription: (A) to LSH Bondholders in respect of any additional Bonds applied for other than by LSH Bond Exchange exceeding in value the aggregate nominal value of LSH Bonds held by them as at the Cut-off Date; (B) Eligible Shareholders; (C) Group Employees; (D) LifeStar Policyholders *pari passu*, without preference between them and in accordance with the allocation policy as determined by the Company. Accordingly, in the event that an LSH Bondholder applies for additional Bonds other than by way of LSH Bond Exchange as specified in (a) above, no guarantee shall be given with respect to the amount of Bonds to be allocated to the excess Bonds applied for by such LSH Bondholder;
- c) the remaining balance of Bonds not taken up by Preferred Applicants following the allocations made pursuant to (a) and (b) above, shall be offered to Authorised Intermediaries through an Intermediaries' Offer, as detailed in sub-section 14.3.13 above.

The Company shall announce the result of the Bond Issue and the basis of acceptance of all Applications and the allocation policy to be adopted through a company announcement by latest 25th May 2021.

15. TERMS AND CONDITIONS OF THE BONDS

15.1 General

The Bonds (ISIN: MT0002531201) will be issued on the Terms and Conditions as set out below, and all Applicants (or purchasers from time to time on the secondary market) of the Bonds are deemed to have knowledge, accept and be bound by the said Terms and Conditions.

In the event of any inconsistency or conflict between the provisions of these Terms and Conditions and any laws or regulations applicable to the Company from time to time, such laws and regulations shall govern and control and these Terms and Conditions shall be construed accordingly.

15.2 Definitions

For the purposes of these Terms and Conditions, in addition to the Definitions of this Prospectus, the following expressions shall have the following meanings:

“**Arrears of Interest**” has the meaning provided in Section 15.8.3 (c);

“Mandatory Interest Deferral Date” means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date; Provided, however, that the relevant Interest Payment Date will not be a Mandatory Interest Deferral Date in relation to such interest payment (or such part thereof) if, cumulatively:

- i. The Relevant Regulator has exceptionally waived the deferral of such interest payment (and, if relevant, any Arrears of Interest) if and to the extent that the Relevant Regulator can give such a waiver in accordance with the Relevant Rules;
- ii. Paying such interest payment (and, if relevant, any Arrears of Interest) does not further weaken the solvency position of the Company as determined in accordance with the Relevant Rules; and
- iii. The Minimum Capital Requirement will be complied with immediately after such interest payment (and, if relevant, any Arrears of Interest) is made;

“Regulatory Conditions” means, in relation to any action at any time, any notifications to, or consent or non-objection (or, as appropriate, waiver) from, the Relevant Regulator for such action to be undertaken which are required at such time by the Relevant Regulator or the Relevant Rules;

“Regulatory Deficiency Interest Deferral Event” means (i) any breach of any Solvency Capital Requirement or any Minimum Capital Requirement applicable to the Company where such breach is an event which, under Solvency II and, or under the Relevant Rules, requires that the Company must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Bonds (in order that the Bonds qualify, and, or on the basis that the Bonds are intended to qualify, as Tier II Capital under Solvency II and any other Relevant Rules); or (ii) the Relevant Regulator has prohibited the Company, in view of the financial condition of the Company, from making payments of interest (or, if applicable, Arrears of Interest) under the Bonds in accordance with the Relevant Rules;

“Regulatory Deficiency Redemption Deferral Event” means (i) (a) any breach of any Solvency Capital Requirement or any Minimum Capital Requirement applicable to the Company or (b) an Insolvent Insurer Winding-Up, where and to the extent that such breach or winding-up or liquidation is an event which under Solvency II and, or under the Relevant Rules requires that the Company must defer or suspend repayment or redemption of the Bonds (in order that the Bonds qualify, and, or on the basis that the Bonds are intended to qualify, as Tier II Capital under Solvency II and any other Relevant Rules); or (ii) the Relevant Regulator has prohibited the Company, in view of the financial condition of the Company, from making payments of principal under the Bonds in accordance with the Relevant Rules;

“Tier II Capital” has the meaning given to it (or to whatever is the relevant terminology employed by the Relevant Rules at the relevant time) for the purposes of the Relevant Rules;

“Winding Up” means that an order is made, or an effective resolution is passed, for the winding-up or dissolution of the Company (except in the case of a solvent winding up solely for the purposes of a reorganisation, merger, demerger, consolidation or restructuring, the terms of which reorganisation, merger, demerger, consolidation or restructuring have previously been approved by an extraordinary resolution of the Company).

15.3 Registration, Form, Denomination and Title

Certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to Bonds will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Company by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.

Upon submission of an Application Form, Bondholders who opt to subscribe for the online e-portfolio account with the CSD, by marking the appropriate box on the Application Form, will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder’s statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €5,000 per individual Bondholder. Authorised Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading “Transferability of the Bonds” in Section 15.13 of this Prospectus.

15.4 Status

The Bonds (their repayment and the payment of interest thereon) shall constitute the general, direct, subordinated, unsecured and unconditional obligations of the Company to the Bondholders, and shall at all times rank *pari passu*, without any priority or preference among

themselves. In the event of an Insolvent Insurer Winding-Up, the claims of Bondholders in respect of the payment of capital and interest on the Bonds will be subordinated to the claims of all policyholders and beneficiaries and other unsubordinated secured and unsecured creditors of the Company, and will not be repaid until all policyholders and beneficiaries and other unsubordinated debt outstanding at the time has been settled in full.

By subscribing to the Bonds, Bondholders are accepting to be subordinated to any obligations of the Company which by law or by their terms rank senior to the Bonds.

15.5 Limited Recourse

There will be no events of default in respect of the Bonds. Accordingly, each Bondholder agrees that the only remedy available to the Bondholders in the case the non-performance by the Company of any of its obligations or any other breach by the Company of these Terms and Conditions (including the non-payment of interest and principal) shall be the right available to the Bondholders under applicable law to file an application in court for the dissolution and winding-up of the Company in those instances set out by law.

In the event of a Winding-Up of the Company the Bonds shall, when permitted by applicable law, become immediately due and payable at their Nominal Value together with interest accrued up to the date of repayment, if any, in accordance with the ranking established by law only if the payment of the relevant amount would not itself cause the insolvency of the Company or accelerate the process of the Company becoming insolvent.

15.6 No Set-Off

Subject to applicable law, claims in respect of any Bonds may not be set-off, or be the subject of a counterclaim, by the relevant Bondholder against or in respect of any of its obligations to the Company and every Bondholder waives, and shall be treated for all purposes as if it had waived, any right that it might otherwise have to set-off, or to raise by way of counterclaim any of its claims in respect of any Bonds, against or in respect of any of its obligations to the Company. If, notwithstanding the preceding sentence, any Bondholder receives or recovers any sum or the benefit of any sum in respect of any Bonds by virtue of any such set-off or counterclaim, it shall hold the same on trust for the Company and shall pay the amount thereof to the Company or, in the event of a Winding Up, to the liquidator of the Company.

15.7 Rights Attached to the Bonds

There are no special rights attached to the Bonds other than the right of the Bondholders to: (i) attend, participate in and vote at meetings of Bondholders in accordance with these Terms and Conditions; (ii) receive payment of capital and interest in accordance with the ranking as provided in these Terms and Conditions; and (iii) enjoy such other rights attached to the Bonds emanating from this Prospectus.

15.8 Interest

15.8.1 Interest Rate and Interest Payment Dates

Each Bond shall bear interest on its outstanding principal amount at a rate of four per cent (4%) per annum from (and including) the Interest Commencement Date up to (but excluding) the Maturity Date in accordance with the provisions of this Section 15.8. Interest shall, subject to Section 15.8.3, be payable in arrears in Euro on each Interest Payment Date and on the Maturity Date. The first payment of interest shall be made on the first Interest Payment Date. In the event that any Interest Payment Date falls due on a day other than a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day.

15.8.2 Accrual of Interest

When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a three hundred and sixty-five (365) day year, and in the case of an incomplete month, the number of days elapsed. Interest shall cease to accrue on each Bond on the day preceding the Maturity Date unless payment of principal is improperly withheld or refused or unless the Company defaults in respect of payment, in which event, interest shall continue to accrue at a rate of four per cent (4%) per annum until the date of payment thereof.

15.8.3 Deferral of Interest

(a) Mandatory Deferral of Interest

Any payment of interest otherwise due on the Bonds on an Interest Payment Date will be mandatorily deferred if such Interest Payment Date is a Mandatory Interest Deferral Date. The Company shall give Bondholders notice in writing, which notice shall be given in the manner set out in Section 15.16 below and by way of a company announcement published by the Company no later than 10 days prior to an Interest Payment Date (or as soon as reasonably practicable if a Regulatory Deficiency Interest Deferral Event occurs less than 10 days prior to an Interest Payment Date) if a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or if a Regulatory Deficiency Interest Deferral Event would occur on the relevant Interest Payment Date if payment of interest were made (provided that, for the avoidance of doubt, (i) no such notice will be required if the relevant Interest Payment Date would not be a Mandatory Interest Deferral Date as a result of compliance with the proviso to the definition of "Mandatory Interest Deferral Date" and (ii) any delay in giving such notice shall not result in such interest becoming due and payable on the relevant Mandatory Interest Deferral Date).

(b) No Default

Notwithstanding any other provision in these Terms and Conditions, the deferral of any payment of interest in accordance with this Section 15.8.3 will not constitute a default by the Company or any breach of its obligations under the Bonds or for any other purpose and will

not give Bondholders any right to accelerate repayment of the Bonds or take any other action under the Bonds.

(c) Arrears of Interest

Any interest in respect of the Bonds not paid on an Interest Payment Date as a result of the obligation on the Company to defer such payment of interest pursuant to this Section 15.8.3, together with any other interest in respect of the Bonds not paid on an earlier Interest Payment Date shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. Arrears of interest shall not themselves bear interest.

Any Arrears of Interest may be paid (in whole or in part) at any time at the election of the Company (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest were made) upon the expiry of not less than 14 days’ notice to such effect given by the Company to the Bondholders in the manner set out in Section 15.16 below, and in any event all Arrears of Interest will become due and payable in full (subject in the case of (i) and (iii) to any Regulatory Conditions) upon the earliest of the following dates:

- (i) The next Interest Payment Date which is not a Mandatory Interest Deferral Date and on which the then scheduled payment of interest (or any part thereof) on the Bonds in respect of the corresponding Interest Period is made or is required to be made pursuant to these Terms and Conditions; or
- (ii) The date on which an order is made or a resolution is passed for the Winding-Up of the Company; or
- (iii) The date of any redemption or purchase of the Bonds by or on behalf of the Company (subject to the deferral of such redemption pursuant to Section 15.11.2).

The Company shall as soon as reasonably practicable notify Bondholders in the manner set out in Section 15.16 below of any payment of Arrears of Interest made in accordance with (i) or (iii) above.

15.9 Yield

The gross yield, calculated on the basis of the interest rate of the Bonds, the Issue Price, and the redemption value (at Nominal Value) of the Bonds is four per cent (4%). The table below illustrates the gross yield at each Early Redemption Date and on the Maturity Date:

REDEMPTION	REDEMPTION DATES	ISSUE PRICE	REDEMPTION PRICE	YIELD TO CALL
At Early Redemption Dates	2026	€100 (at par)	€100 (at par)	4.00%
	2027	€100 (at par)	€100 (at par)	4.00%
	2028	€100 (at par)	€100 (at par)	4.00%
	2029	€100 (at par)	€100 (at par)	4.00%
	2030	€100 (at par)	€100 (at par)	4.00%
Upon Maturity	2031	€100 (at par)	€100 (at par)	4.00%

15.10 Payments

- 15.10.1** The Company will discharge all of its payment obligations under the Bonds by making payments to the bank accounts of the Bondholders indicated in the CSD Register. Payments will be made only by bank transfer into the bank accounts of Bondholders that are provided in the relevant Application or as otherwise provided to the CSD. If no bank account number is provided, payments will be withheld (without interest) until a bank account number is provided. The Company has no responsibility or liability for the records relating to, or payments made in respect of, holdings of Bonds through the CSD. The Company shall not be responsible for any loss or delay in transmission or any charges in connection therewith.
- 15.10.2** Repayment of the principal amount of the Bonds will be made in Euro on the Maturity Date or the Early Redemption Date as the case may be (subject to Section 15.11) by the Company to the person in whose name such Bonds are registered as at the close of business on the Maturity Date, together with interest accrued up to (but excluding) the Maturity Date. The Company shall not be responsible for any loss or delay in transmission. Upon repayment of the principal the Bonds shall be redeemed and the appropriate entry made in the CSD Register.
- 15.10.3** In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Company / or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.
- 15.10.4** Payment of interest on a Bond will be made (subject to Section 15.8.3) to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the relevant Interest Payment Date. Such payment shall be effected within seven (7) days of the relevant Interest Payment Date. The Company shall not be responsible for any loss or delay in transmission.
- 15.10.5** All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable fiscal or other laws and regulations

prevailing in Malta. In particular, but without limitation, all payments by the Company in respect of the Bonds may be made gross of any amount to be deducted or withheld for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, collected, withheld, assessed or levied by or on behalf of the Government of Malta or any other authority thereof or therein having power to tax.

15.10.6 No commissions or expenses shall be charged by the Company to Bondholders in respect of such payments. The Company shall not be liable for charges, expenses and commissions levied by parties other than the Company.

15.10.7 Any claim against the Company by Bondholders in connection with all payments due to them in respect of the Bonds shall be prescribed (time-barred) upon the lapse of five (5) years from the day on which an action in relation to the same can be exercised.

15.11 Redemption

15.11.1 Subject to Section 15.11.2 and compliance by the Company with applicable Relevant Rules, including any Regulatory Conditions, and provided that such redemption is permitted under applicable Relevant Rules (on the basis that the Bonds are intended to qualify as Tier III Capital under Solvency II and the Relevant Rules):

- (i) the Bonds shall, unless previously redeemed on an Early Redemption Date in accordance with the terms of Section 15.11.1(ii) or purchased and cancelled in accordance with Section 15.12, be redeemed at their Nominal Value, together with payment of Arrears of Interest (if any) and any other accrued and unpaid interest on the Maturity Date;
- (ii) the Company reserves the right to redeem the Bonds on any Early Redemption Date (or to purchase and cancel the Bonds in accordance with Section 15.12). Provided that in order to redeem the Bonds on any Early Redemption Date, the Company must also give the Bondholders at least sixty (60) days' notice in writing, which notice shall be given in the manner set out in Section 15.16 below and by way of a company announcement published by the Company. The notice of redemption shall be effective upon the date of publication of the aforementioned company announcement, shall be irrevocable and shall oblige the Company to make, and the Bondholder to accept, such redemption on the date specified in the notice (subject to Section 15.11.2). Bondholders have no right to call for the Bonds to be redeemed on any Early Redemption Date.

Each Bond may be redeemed only in whole and not in part and any partial redemption of the Bonds held by a Bondholder shall be made only in multiples of €100. Any redemption of the Bonds prior to the Maturity Date shall take place by payment of all principal together with interest accrued and unpaid on the Bonds being redeemed until the relevant Early Redemption Date.

Should the redemption requirements in the first paragraph of this Section 15.11.1 not be met, redemption may be delayed beyond the Maturity Date for an indefinite period of time, until the occurrence of any of the events described in Section 15.11.4 (i) to (iii). The Bonds may not be redeemed at the option of the Company other than in accordance with this Section 15.11.

15.11.2 No Bonds shall be redeemed on the Maturity Date or prior thereto on an Early Redemption Date pursuant to Section 15.11.1 (and no Bonds shall be purchased and cancelled by the Company in accordance with Section 15.13) if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption were made on the otherwise applicable Redemption Date (including when notice for repayment or redemption of the Bonds has been given) provided that there shall not be such a deferral if:

- i. In the case of a Regulatory Deficiency Redemption Deferral Event caused otherwise than by an Insolvent Insurer Winding-up having occurred and being continuing, cumulatively, (a) the Relevant Regulator has exceptionally waived such deferral of redemption of the Bonds (if and to the extent that the Relevant Regulator can give such a waiver in accordance with the Relevant Rules), (b) the Bonds are exchanged for, or converted into, another basic own-fund item of at least the same quality upon or prior to redemption and (c) the Minimum Capital Requirement is complied with immediately after the relevant Redemption Date; or
- ii. In the case of a Regulatory Deficiency Redemption Deferral Event caused by an Insolvent Insurer Winding-up having occurred and being continuing, the Relevant Regulator has waived such deferral of redemption of the Bonds (if and to the extent that the Relevant Regulator can give such a waiver in accordance with the Relevant Rules).

15.11.3 If the Bonds are not to be redeemed on an Early Redemption Date or on the Maturity Date pursuant to Section 15.11.1 as a result of circumstances where:

- (i) A Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Bonds were redeemed on such date; or
- (ii) The Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or the Relevant Regulator objects to the redemption (to the extent that non-objection is then required under the Relevant Rules) or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date,

the Company shall notify Bondholders in the manner set out in Section 15.16 below no later than 10 days prior to the otherwise applicable Redemption Date (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined less than 10 days prior to the relevant Redemption Date).

15.11.4 If redemption of the Bonds under Section 15.11.1 does not occur on the otherwise applicable Redemption Date as a result of Section 15.11.2 or the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or the Relevant Regulator objects to the redemption (to the extent that non-objection is then required under the Relevant Rules) or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date, such Bonds shall, subject to any Regulatory Conditions, be redeemed at their Nominal Value, together with payment of Arrears of Interest (if any) and any other accrued and unpaid interest thereon to (but excluding) the date of redemption, upon the earliest of:

- (i) In the case of a failure to redeem due to the operation of Section 15.11.2 only, the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless, on such tenth Business Day, a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Bonds on such date would result in a further Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of Section 15.11.2, Section 15.11.3 and this Section 15.11.4 shall apply *mutatis mutandis* to determine the applicable due date for redemption); or
- (ii) The date falling 10 Business Days after the Relevant Regulator has agreed to the repayment or redemption of the Bonds; or
- (iii) The date on which a Winding-Up of the Company occurs.

15.11.5 Notwithstanding any other provision in these Terms and Conditions, the deferral of redemption of the Bonds in accordance with this Section 15.11 will not constitute a default by the Company or any breach of its obligations under the Bonds for any other purpose and will not give Bondholders any right to accelerate repayment of the Bonds or take any other action under the Bonds.

15.11.6 In circumstances where the redemption of the Bonds has been deferred, the Company will notify Bondholders in the manner set out in Section 15.16 below as soon as reasonably practicable after it has determined the relevant deferred date for redemption, and (if applicable) of any subsequent redemption deferrals and corresponding deferred dates for redemption.

15.11.7 Any redemption or purchase of the Bonds is subject to the Company having complied with all applicable Regulatory Conditions relating to such action or event and

otherwise being in compliance with the Relevant Rules applicable to it in relation to such action or event at the relevant time.

15.11.8 If the Company gives notice of redemption of the Bonds, it will carry out any actions necessary to procure that the relevant payments are made to Bondholders on the relevant Redemption Date in accordance with the provisions contained in Section 15.10.1.

15.12 Purchase and Cancellation

The Company may, subject to Sections 15.11.2 and 15.11.7 at any time purchase (or otherwise acquire) Bonds in the open market or otherwise and at any price. All Bonds purchased by or on behalf of the Company will be cancelled and may not be re-issued or re-sold. Any Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Company in respect of any such Bonds shall be discharged.

15.13 Transferability of the Bonds

15.13.1 The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in accordance with all applicable laws and the rules and regulations of the MSE. This requirement shall also be applicable with regard to secondary trading.

15.13.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Company or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall testify his election by executing to that person a transfer of the Bond.

15.13.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

15.13.4 The cost and expenses of effecting any trading or transfer in the Bonds on the MSE shall be at the charge of the Bondholder or at the charge of such person as the rules and regulations of the MSE may from time to time determine.

15.13.5 As the Bonds will be held at the CSD, investors will have to rely on its procedures for transfers. The CSD will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of principal or interest on the Bonds.

15.14 Further Issues

The Company may from time to time, without the consent of the Bondholders, incur further debt or issue further bonds or other debt securities, either having the same terms and conditions as (and/or fungible with) any outstanding debt securities or upon such other terms and conditions as the Company may determine at the time of their issue, including (but not limited to) bonds or other debt securities which are secured and/or have a prior ranking than the Bonds. Although the amount of Bonds that may be issued under this Prospectus is limited to €10,000,000 (or €13,000,000 in the event of exercise of Over-allotment Option in full by the Company), there is no other restriction on the amount of debt that the Company may incur (whether through the issuance of debt securities or otherwise). Accordingly, the Company may incur additional indebtedness (other than the indebtedness incurred in relation to the issue of the Bonds), which indebtedness may be secured by the whole or any part of its present or future undertaking, assets or revenue, without the consent of the Bondholders, and which could rank ahead of the Bonds in the event of an Insolvent Insurer Winding-Up. The Company has not assumed any negative pledge or equivalent commitment in the context of the issue of the Bonds.

15.15 Meetings of the Bondholders

15.15.1 The Company may from time-to-time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting.

15.15.2 A meeting of Bondholders shall be called by the Board by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of these Terms and Conditions that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Company shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Company has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this Section 15.15 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Company.

15.15.3 The amendment or waiver of any of the provisions of these Terms and Conditions may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

15.15.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least

two (2) Bondholders present, in person or by proxy, representing not less than fifty per cent (50%) in Nominal Value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Company shall, within two (2) days from the date of the original meeting, publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

15.15.5 Any person who in accordance with the Articles of Association of the Company is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

15.15.6 Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Company and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Company to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

15.15.7 The voting process shall be managed by the company secretary of the Company under the supervision and scrutiny of the Company's auditors.

15.15.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least seventy-five per cent (75%) in Nominal Value of the Bonds held by the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

15.15.9 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Company shall apply *mutatis mutandis* to meetings of Bondholders.

15.16 Notices

Notices to Bondholders shall be mailed to them at their respective addresses contained in the CSD Register and shall be deemed to have been served at the expiration of three (3) calendar days after the date of mailing. In proving such service, it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at the address contained in the CSD Register.

15.17 Governing Law and Jurisdiction

15.17.1 Governing Law

The Bonds, all the rights and obligations of the Bondholder and the Company, and any non-contractual obligations arising out of or in connection with the Bonds, shall be governed by and construed in accordance with Maltese law.

15.17.2 Jurisdiction

The Courts of Malta shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, all the rights and obligations of the Bondholder and/or the Company, and any non-contractual obligations arising out of or in connection with the Bonds. The Company and the Bondholders hereby irrevocably submit to the exclusive jurisdiction of the Courts of Malta to hear and determine any proceedings and to settle any dispute which may arise out of, or in connection with the Bonds.

Each of the Company and the Bondholder waives any objection to the Maltese Courts on grounds of inconvenient forum or otherwise as regards proceedings in connection herewith and agrees that a judgment or order of such a Court shall be conclusive and binding on it and may be enforced against it in the Courts of any other jurisdiction.

16. TAXATION

16.1 General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer. The following is a summary of the anticipated tax treatment applicable to the Bonds and Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Company at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

16.2 Malta Tax on Interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Company is otherwise instructed by a Bondholder to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act, interest shall be paid to such person net of a final withholding tax, currently at the rate of fifteen per cent (15%) (ten per cent (10%) in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person should be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient’s tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Company will render an account to the Maltese Commissioner for Revenue of all amounts so deducted, including the identity of the recipient.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, the Company will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid and of the identity of all such recipients.

Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Company. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act, including but not limited to the conditions that the Bondholder is not owned or controlled by, whether directly or indirectly, nor acts on behalf of an individual/s who are ordinarily resident and domiciled in Malta, are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Company in terms of law.

16.3 Exchange of Information

In terms of applicable Maltese legislation, the Company and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to Bondholders) to the Maltese Commissioner for Revenue. The Maltese Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

16.4 Maltese Taxation on Capital Gains on a Transfer of the Bonds

On the assumption that the Bonds would not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return”, to the extent that the Bonds are held as capital assets by the Bondholder, no income tax on capital gains should be chargeable in respect of a transfer of the Bonds.

16.5 Duty on Documents and Transfers

No duty in terms of the Duty on Documents and Transfers Act (Chapter 364 of the Laws of Malta) should be chargeable on the acquisition of Bonds.

In terms of the Duty on Documents and Transfers Act, duty is chargeable inter alia on the transfer or transmission causa mortis of marketable securities. A marketable security is defined in the said legislation as “a holding of share capital in any company and any document representing the same”.

Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act as the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds should, in any case, be exempt from duty.

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE COMPANY. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

17. THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS

This Prospectus does not contain any statement or report attributed to any person as an expert.

The Company confirms any other information sourced from third parties and contained and referred to in this Prospectus has been accurately reproduced in this Prospectus and that there are no facts of which the Company is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents (or copies of the same) are available for physical inspection at the Company's registered office and on the Company's website (www.lifestarinsurance.com) for the duration of the validity of the Prospectus:

- (a) The Memorandum and Articles of Association of the Company;
- (b) The audited financial information of the Company for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020, together with the auditors' reports thereon;
- (c) The audited financial information of LifeStar Health for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020, together with the auditors' reports thereon; and
- (d) The audited consolidated financial information for the Company for the financial year ended 31 December 2020, together with the auditors' report thereon.

ANNEX A – APPLICATION FORM A



LifeStar Insurance plc
€10,000,000 4% Subordinated Bonds 2026-2031
(Over-allotment option of €13 million)
LifeStar Holding p.l.c. Bondholders

APPLICATION FORM
Application No.

This application form is not transferable and entitles you as a LifeStar Holding p.l.c. Bondholder to subscribe for Subordinated Bonds of LifeStar Insurance p.l.c. by exchanging your LSH Bonds (as defined in the Prospectus dated 6th May 2021) for Subordinated Bonds of LifeStar Insurance p.l.c. Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

A APPLICANT			
<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (Under 18)	<input type="checkbox"/> Body Corporate/ Body Of Persons	<input type="checkbox"/> CIS- Prescribed Funds
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME / REGISTERED NAME	
ADDRESS			POST CODE
MSE A/C NO. (mandatory)		DATE OF BIRTH	NATIONALITY
ID CARD/ PASSPORT LEGAL ENTITY IDENTIFIER (LEI)		DOCUMENT NUMBER	COUNTRY OF ISSUANCE
E-MAIL ADDRESS		TEL NO.	MOBILE NO.
Already Registered for e-Portfolio <input type="checkbox"/>		Please register me for e-Portfolio <input type="checkbox"/>	Please do NOT register me for e-Portfolio <input type="checkbox"/>
B ADDITIONAL (JOINT) APPLICANTS (please use additional application form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	DATE OF BIRTH
I.D. CARD / PASSPORT NO.		DOCUMENT NUMBER	COUNTRY OF ISSUANCE
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	DATE OF BIRTH
I.D. CARD / PASSPORT NO.		DOCUMENT NUMBER	COUNTRY OF ISSUANCE
C MINOR'S PARENTS/LEGAL GUARDIANS/ DECISION MAKER/ USUFRUCTUARY (See Note 5) (to be completed ONLY where applicable)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	DATE OF BIRTH
I.D. CARD / PASSPORT NO.		DOCUMENT NUMBER	COUNTRY OF ISSUANCE
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	DATE OF BIRTH
I.D. CARD / PASSPORT NO.		DOCUMENT NUMBER	COUNTRY OF ISSUANCE
D I/WE APPLY TO PURCHASE AND ACQUIRE THE AMOUNT SET OUT BELOW – EXCHANGEABLE BOND TRANSFER:			
<p>This Application Form is not transferable and entitles you to preferential treatment as a holder of the 5% LifeStar Holding plc bonds maturing on 02/06/2021 (ISIN: MT0000171216) (the "LSH Bonds") and is to be submitted instead of payment where the Applicant elects to apply for LifeStar Insurance p.l.c. 4% Subordinated Bonds 2026-2031 by transferring to the Company all or part of the holding in LSH Bonds, held by the Applicant as at 7th May 2021 (the "Cut-Off Date"), the nominal value of which is set out in Box 1 of Panel D hereunder. By submitting this signed Application Form, holders of the Existing Bonds shall be deemed to:</p> <p>(i) Cause the transfer of the said LSH Bonds in consideration for the issue of LifeStar Insurance p.l.c. 4% Unsecured Subordinated Bonds 2026-2031</p> <p>(ii) Engage, at the Company's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said LSH Bonds in the Company and fully and effectively vest title in the Applicant of the appropriate number of LifeStar Insurance p.l.c. 4% Subordinated Bonds 2026-2031 as applicable.</p>			
Box 1 – Nominal Value of LSH Bonds currently held			
AMOUNT IN WORDS		AMOUNT IN FIGURES	
		€	
Box 2 – I/ We wish to purchase and acquire the amount set in Box 2 in LifeStar Insurance p.l.c. 4% Subordinated Bonds 2026-2031 at the Bond Issue Price (at par) (minimum €5,000 and in multiples of €100 thereafter) pursuant to the Prospectus dated 6 th May 2021. AMOUNT INCLUDED IN BOX 2 CANNOT BE LESS THAN THE MINIMUM REQUIRED €5,000.			
AMOUNT IN WORDS		AMOUNT IN FIGURES	
		€	
Box 3 – Amount of LifeStar Insurance p.l.c. 4% Subordinated Bonds 2026-2031 applied for exceeding the nominal holding in LSH Bonds payable in full upon Application under the Terms and Conditions of the Bond set out in the Prospectus, payable to the respective Authorised Intermediary (Difference payable on Box 2 minus Box 1).			
AMOUNT IN WORDS		AMOUNT IN FIGURES	<input type="checkbox"/> N/A
		€	
E RESIDENT – FINAL WITHHOLDING TAX ("FWT") DECLARATION			
<input type="checkbox"/> I/We elect to receive interest NET of FWT		<input type="checkbox"/> I/We elect to receive the interest GROSS (i.e. without FWT)	

F	NON-RESIDENT – DECLARATION		
	TAX COUNTRY	CITY OF BIRTH	
	T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
	<input type="checkbox"/> NOT resident in Malta but resident in the European Union	<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
G	INTEREST, REFUND AND REDEMPTION MANDATE (completion of this panel is mandatory)		
	BANK	IBAN	
	<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application on the basis of the Prospectus, and subject to its Terms and Conditions (as defined therein) which have been explained to me/us, and which I/we fully accept.</p> <p>I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MIFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.</p> <p>Authorised Intermediaries shall distribute the Bonds to Retail Clients and/or Elective Professional Clients on an advisory basis or discretionary portfolio management basis only. Such Authorised Intermediaries are therefore required to conduct a Suitability Test in respect of Applicants that qualify as Retail Clients and/or Elective Professional Clients. This requirement shall also be applicable with regard to secondary trading.</p>		
	_____ Signature/s of Applicant/s (All parties are to sign in the case of a joint Application)	_____ Financial Intermediary	_____ Date
	FINANCIAL INTERMEDIARY'S STAMP		FINANCIAL INTERMEDIARY'S CODE

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 6th May 2021 regulating the Bond Issue.

1. This Application is governed by the Terms and Conditions of Application contained in the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. Applicants who are non-residents in Malta for tax purposes, must indicate their passport number in Panel A and complete Panel F. The relative box in Panel A must also be marked appropriately.
3. Applicants are to insert full personal details in Panel A. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels A and B but the person whose name appears in Panel A shall, for all intents and purposes, be deemed to be the registered holder of the Bonds.
4. Upon submission of an Application Form, bondholders who do not have an online e-portfolio account will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
5. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account with the MSE and they are signed by both parents or by the legal guardian/s. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
6. Applicants who are non-residents in Malta for tax purposes, must indicate their passport number in Panel A and complete Panel F. The relative box in Panel A must also be marked appropriately.
7. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel A. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
8. **LSH BONDHOLDERS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM WITH THE DETAILS (INCLUDING REGISTERED ADDRESS), AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE.**
9. Where an Applicant quotes an MSE account number which is held subject to usufruct, both the bare owner/s and the usufructuary/ies are to sign this Application Form. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C.
10. Bondholders who settle all or part of the amount due on the newly issued bonds by the transfer to the Company of LSH Bonds held by them as at 7th May 2021 may do so by filling in Panel D, clearly indicating the amount that the Bondholder wishes to acquire/purchase in Box 2 (subject to the Minimum Amount), and the difference between Box 2 and Box 1 should be indicated in Box 3. If the nominal value currently held is less than the amount that the Bondholder wishes to acquire, the difference shall be payable as per the dates and time indicated in Note 18.
11. The amount applied for must be in for a minimum subscription of €5,000 and thereafter in multiples of €100. The Applicant must ensure that the relative Application Form is accompanied by payment of the full price of the amount of Bonds applied for. Payment of the amount, must be made in Euro in cleared funds to the respective Authorised Intermediary. In the event that the cheque accompanying the Application Form is not honoured on the first presentation the Company and the Registrar reserve the right to invalidate the relative Application.
12. If any Application is not accepted, after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in the application form.
13. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner of Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments. In terms of Section 16 of the Prospectus, unless the Company is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15% of the gross amount of interest, pursuant to article 33 of the Income Tax Act.
14. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
15. The contents of Notes 14 and 15 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.
16. Interest and redemption payments will be paid by direct credit to the bank account (which must be in Euro and held with a local bank) bearing a valid IBAN as indicated by the Applicant in panel G, or to such other bank account indicated by the Bondholder to the MSE.
17. The Offer Period will open at 9.00am hours on 10th May 2021 and will close at 3.00pm on 19th May 2021. Completed Application Forms are to be delivered to the Authorised Intermediary listed in Annex C of the Prospectus or the Company's Offices, during normal office hours by not later than 3.00pm on the 19th May 2021. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Company reserves the right to refuse any Application, which appears to be in breach of the general terms and conditions of the Prospectus. Any applications received by the Authorised Intermediary or the Company after 3.00pm on the 19th May 2021 will be rejected.
18. By completing and delivering an Application Form you (as the Applicant(s)):
 - i. acknowledge that the Company may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the Laws of Malta);
 - ii. acknowledge that the Company may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - iii. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company. Any such requests must be made in writing and addressed to the Company. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

ANNEX B – APPLICATION FORM B



LifeStar Insurance plc
€10,000,000 4% Subordinated Bonds 2026-2031
(Over-allotment option of €13 million)

APPLICATION FORM
Application No.

PREFERRED APPLICANTS

This application form is not transferable and entitles you to subscribe for Subordinated Bonds of LifeStar Insurance p.l.c. as a Preferred Applicant other than an LSH Bondholder as defined in the Prospectus dated 6th May 2021.

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed..

A APPLICANT			
<input type="checkbox"/> Eligible Shareholder		<input type="checkbox"/> Group Employee	
<input type="checkbox"/> Non-Resident		<input type="checkbox"/> LifeStar Policyholder	
<input type="checkbox"/> Minor (Under 18)		<input type="checkbox"/> Body Corporate/ Body Of Persons	
<input type="checkbox"/> CIS- Prescribed Funds			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME / REGISTERED NAME	
ADDRESS		POST CODE	
MSE A/C NO. (mandatory)		DATE OF BIRTH	NATIONALITY
ID CARD/ PASSPORT LEGAL ENTITY IDENTIFIER (LEI)		DOCUMENT NUMBER	COUNTRY OF ISSUANCE
E-MAIL ADDRESS		TEL NO.	MOBILE NO.
Already Registered for e-Portfolio <input type="checkbox"/>		Please register me for e-Portfolio <input type="checkbox"/>	Please do NOT register me for e-Portfolio <input type="checkbox"/>
B ADDITIONAL (JOINT) APPLICANTS (please use additional application form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
I.D. CARD / PASSPORT NO.		DOCUMENT NUMBER	
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
I.D. CARD / PASSPORT NO.		DOCUMENT NUMBER	
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
I.D. CARD / PASSPORT NO.		DOCUMENT NUMBER	
C MINOR'S PARENTS/LEGAL GUARDIANS/ DECISION MAKER/ USUFRUCTUARY (See Note 5) (to be completed ONLY where applicable)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
I.D. CARD / PASSPORT NO.		DOCUMENT NUMBER	
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
I.D. CARD / PASSPORT NO.		DOCUMENT NUMBER	
D I/WE APPLY TO PURCHASE AND ACQUIRE THE AMOUNT SET OUT BELOW:			
AMOUNT IN FIGURES		AMOUNT IN WORDS	
€			
LifeStar Insurance p.l.c. 4% Subordinated Bonds 2026-2031 at the Bond Issue Price (at par) pursuant to the Prospectus dated 6 th May 2021 (minimum €5,000 and in multiples of €100 thereafter)			
E RESIDENT – FINAL WITHHOLDING TAX (“FWT”) DECLARATION			
<input type="checkbox"/> I/We elect to receive interest NET of FWT		<input type="checkbox"/> I/We elect to receive the interest GROSS (i.e. without FWT)	
F NON-RESIDENT – DECLARATION			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
G INTEREST, REFUND AND REDEMPTION MANDATE (completion of this panel is mandatory)			
BANK		IBAN	
<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application on the basis of the Prospectus, and subject to its Terms and Conditions (as defined therein) which have been explained to me/us, and which I/we fully accept.</p> <p>I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MIFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided. Authorised Intermediaries shall distribute the Bonds to Retail Clients and/or Elective Professional Clients on an advisory basis or discretionary portfolio management basis only. The referred Authorised Intermediaries are therefore required to conduct a Suitability Test in respect of Applicants that qualify as Retail Clients and/or Elective Professional Clients. This requirement shall also be applicable with regard to secondary trading.</p>			
Signature/s of Applicant/s (All parties are to sign in the case of a joint Application)		Financial Intermediary	Date
FINANCIAL INTERMEDIARY'S STAMP		FINANCIAL INTERMEDIARY'S CODE	

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 6th May 2021 regulating the Bond Issue.

1. This Application is governed by the Terms and Conditions of Application contained in the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. Applicants who are non-residents in Malta for tax purposes, must indicate their passport number in Panel A and complete Panel F. The relative box in Panel A must also be marked appropriately.
3. Applicants are to insert full personal details in Panel A. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels A and B but the person whose name appears in Panel A shall, for all intents and purposes, be deemed to be the registered holder of the Bonds.
4. Applicants are to insert the required personal details in Panel A include MSE account number which is mandatory. In the case of an Application by more than one person (including husband and wife) full details of all individuals must be given in Panels A and B but the person whose name appears in Panel A shall, for all intents and purposes, be deemed to be the registered holder of the Bonds.
5. Upon submission of an Application Form, bondholders who do not have an online e-portfolio account will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
6. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account with the MSE and are signed by both parents or by the legal guardian/s. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
7. Applicants who are non-residents in Malta for tax purposes, must indicate their passport number in Panel A and complete Panel F. The relative box in Panel A must also be marked appropriately.
8. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel A. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
9. **APPLICANTS ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL A AND FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM WITH THE DETAILS (INCLUDING REGISTERED ADDRESS), AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE.**
10. Where an Applicant quotes an MSE account number which is held subject to usufruct, both the bare owner/s and the usufructuary/ies are to sign this Application Form. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C.
11. The amount applied for must be in for a minimum subscription of €5,000 and thereafter in multiples of €100. The Applicant must ensure that the relative Application Form is accompanied by payment of the full price of the amount of Bonds applied for. Payment of the amount, must be made in Euro in cleared funds to the respective Authorised Intermediary. In the event that the cheque accompanying the Application Form is not honoured on the first presentation the Company and the Registrar reserve the right to invalidate the relative Application.
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13. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner of Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments. In terms of Section 16 of the Prospectus, unless the Company is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act.
14. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
15. The contents of Notes 13 and 14 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.
16. Interest and redemption payments will be paid by direct credit to the bank account (which must be in Euro and held with a local bank) bearing a valid IBAN as indicated by the Applicant in panel G, or to such other bank account indicated by the Bondholder to the MSE.
17. The Offer Period will open at 9.00am hours on 10th May 2021 and will close at 3.00pm on 19th May 2021. Completed Application Forms are to be delivered to the Authorised Intermediary listed in Annex C of the Prospectus or the Company's Offices, during normal office hours by not later than 3.00pm on the 19th May 2021. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Company reserves the right to refuse any Application, which appears to be in breach of the general terms and conditions of the Prospectus. Any applications received by the Authorised Intermediary or the Company after 3.00pm on the 19th May 2021 will be rejected.
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 - i. acknowledge that the Company may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the Laws of Malta);
 - ii. acknowledge that the Company may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - iii. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company. Any such requests must be made in writing and addressed to the Company. The request must be signed by yourself as the Applicant to whom the personal data relates.

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Annex C: Authorised Intermediaries

Name	Address	Telephone
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265696
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2550	21554492
MZ Investment Services Ltd	61, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000

T: 21 342 342

E: info@lifestarinsurance.com

W: www.lifestarinsurance.com

A: LifeStar Building, Testaferrata Street,
Ta ' Xbiex, XBX 1403, Malta

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